



Treasury Operations Planning

With the implementation of the FedNow Service, participating financial institutions (FIs) may need to make adjustments to their current treasury operations to support instant payments. This includes back-office processes and how the Federal Reserve Banks' reporting can be used within current information flows. Topics covered in this document include:

- Settlement
- Volumes forecasting and back-office processes
- Liquidity management



Settlement

It is important for participants to decide where their FedNow transactions will settle. Settlement may occur in an FI's own master account with a Federal Reserve Bank, or the FI may choose to designate a correspondent, such as a bankers' bank or corporate credit union.

If an FI decides to settle in their own Federal Reserve Bank account, the appropriate processes will need to be in place to manage account balances and ensure compliance with the Payment System Risk (PSR) policy under an expanded window to process transfers 24x7x365. When using a correspondent to handle settlement, an FI needs to consider the specific agreements that may be required for this settlement, such as thresholds or liquidity management considerations.

For more detailed information on what goes into settling payments through the FedNow Service, refer to the **Settlement** topic.



Volumes Forecasting and Back-office Processes

Considering the potential for shorter processing times associated with instant payments, FIs should review back-office processes that require manual intervention. How might these operations be automated to help streamline relevant workflows?

Participants might also consider how the FedNow Service may impact processes and reports for accounting and reconciliation. Account balance management will also become more complex in a 24x7x365 environment where payments settle continuously in master accounts. FIs should consider how they will monitor balances around the clock or deal with issues during nonstandard business hours.

And when it comes to reconciliation, will current windows work with instant payments?

For more information, refer to the **Reporting and Reconciliation** topic.



Liquidity Management

FIs that send credit transfers or provide settlement services in the FedNow Service need a strategy to maintain liquidity for instant payments. As with settlement, this may involve either making internal adjustments, sourcing liquidity from the discount window, another FI or via a correspondent. FIs are expected to manage their master account in compliance with Federal Reserve policies, including the PSR policy on intra-day and overnight credit. To learn more about the FedNow Service cycle date, refer to the [Reporting and Reconciliation](#) topic.

The FedNow Service supports FI-to-FI liquidity transfers in support of instant payments. To learn more about the liquidity management transfers within the FedNow Service process and how this capability can support liquidity needs, refer to the [Liquidity Management](#) topic.



Working Together to Improve Implementation

FIs need a strategy for managing how transactions are settled, how their internal or third-party systems will function with the service and how they will maintain suitable liquidity for around-the-clock payments.

Proactive and ongoing communication is essential for a successful implementation. Making sure that everyone is on the same page — from end users to partnering providers — will help ensure a more seamless transition. More importantly, it will create the strongest possible customer experience.

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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