



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

MICHAEL S. BARR  
VICE CHAIR FOR SUPERVISION

August 9, 2024

The Honorable John Fetterman  
United States Senate  
Washington, D.C. 20510

Dear Senator:

Enclosed are my responses to the questions you submitted following the May 16, 2024,<sup>1</sup> hearing before the Committee on Banking, Housing, and Urban Affairs. A copy also has been forwarded to the Committee for inclusion in the hearing record.

Please let me know if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael S. Barr".

Enclosure

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<sup>1</sup> Questions for the record related to this hearing were received on May 24, 2024.

**Questions for The Honorable Michael Barr, Vice Chair for Supervision, Board of Governors of the Federal Reserve System, from Senator John Fetterman:**

**1. How much money has been sent through FedNow to date?**

A diverse group of banks and credit unions across the country have adopted the FedNow<sup>®</sup> Service. These institutions are in the early stages of implementing new instant payment services for their customers and adjusting to round-the-clock operations. Accordingly, the number of transactions and dollar amounts sent on the FedNow Service since July 2023 is modest, which is in line with what we expected for a new service. Our intention is to publish volume and value information in the future for the FedNow Service as we do for our other payment services. From a longer-term perspective, we expect transaction volumes will follow the typical trajectory of a new payment service and grow steadily over time.

**2. When will the Federal Reserve release to the public the dollar amount flowing through FedNow?**

Please see my response to question 1.

**3. Is the Federal Reserve tracking the markups banks charge to customers above and beyond their costs for using FedNow?**

Banks and credit union can use the FedNow Service to deliver new instant payment services for their customers. These could include new payment features on mobile apps, banking websites, or other interfaces such as those used for business payments. The payment products that banks and credit unions offer their customers and potential associated fees are within the domain of the private sector. While we do not systematically track this information, our understanding from years of industry engagement is that the market for financial institution payment services is competitive, and institutions often provide consumer-facing payment services at low or no cost.

**4. What action is the Federal Reserve taking to keep costs low for customers and reduce excessive bank markups for using FedNow?**

Please see my response to question 3.