INSTANT SUCCESS - A SMART APPROACH TO FEDNOW℠ SERVICE ADOPTION
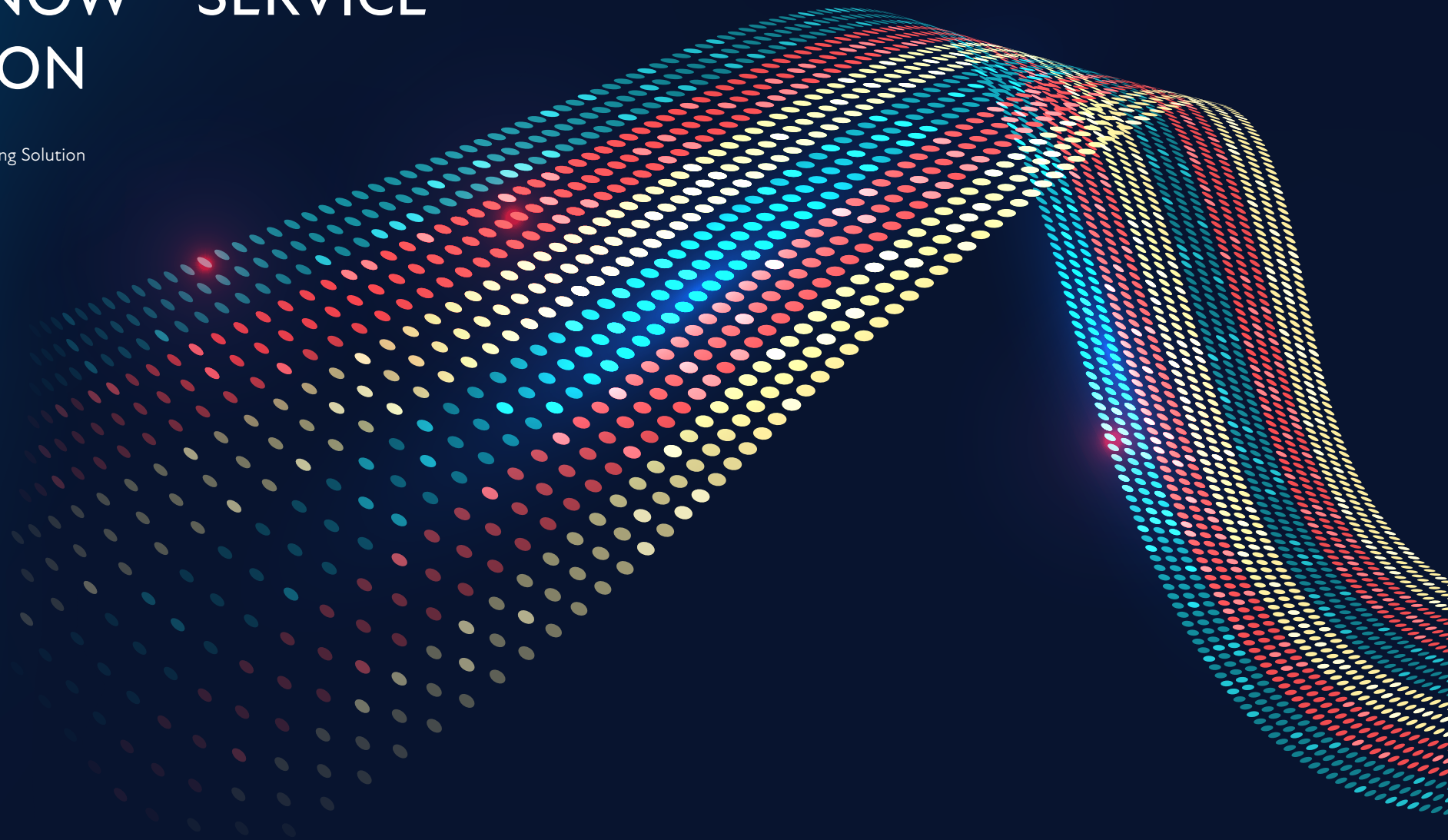
An Iliad Guide: FedNow Testing Solution

CONTENTS

YOUR CUSTOMERS WANT FASTER PAYMENTS. ARE YOU READY TO DELIVER?

Faster, more transparent and supported by rich communication, instant payments are revolutionizing financial transactions for businesses and consumers.

For banks, it's important to be aware that real-time transfers and settlement are no longer an option but an expectation. And with the launch of the FedNow Service's instant payments infrastructure, the acceleration of this trend is set to quicken dramatically.

So what does the FedNow Service instant payments deliver in practice? In short, it enables financial institutions of all sizes across the United States to provide "safe and efficient" real-time payment services around the clock, every day of the year. This means recipients can access funds immediately - an immense benefit to those who require time-sensitive payments.

The initial release of the FedNow Service enables baseline functionality to support a range of use

cases such as account-to-account (A2A) transfers and bill pay, which are increasingly valued by commercial and private bank customers.

However, implementation of FedNow Service instant payments is a significant undertaking and involves a number of steps, including: the development of a project plan; determination of your connectivity and participation type; identification of the core payment systems that will impacted by the service; and ensuring that your organization is capable of handling real-time posts and making funds available immediately.

Additionally, prior to integrating you will need to know that your instant payments offering is working seamlessly - and this requires a rigorous testing strategy covering all endpoints and possible scenarios. On top of this, as FedNow evolves, keeping downstream applications aligned for real-time payments is also a significant undertaking, made simpler and quicker when the right testing mechanisms are in place. In this guide we explain how a new service offered on Iliad Solutions' globally renowned t3 testing and certification platform will put you on the track to instant payment success.

EMPOWERING FINANCIAL INSTITUTIONS TO SEAMLESSLY OFFER INSTANT PAYMENTS

To help organizations implement FedNow Service instant payments, Iliad Solutions has developed the FedNow Testing Solution.

An orchestrated version of our proven t3 platform, the Solution empowers banks to securely simulate all types of instant payment journeys across internal and external ecosystems.

Key features and capabilities include:

→ Create bespoke tests tailored to your unique environment

→ Run automation using our test studio and palettes with a blend of test data

→ Quickly see where errors are occurring with user friendly test results

→ Manage all data centrally to ensure full sight of all results at all times

→ Thoroughly test downstream applications affected by real-time payments

→ Comprehensively test regression and allow for test automation with data tagging

→ Devise condition-based test scenarios with matching response rules (PACS.002 etc)

It's also good to know that with Iliad's FedNow Testing Solution:

→ All FedNow message scenarios are supported and updated prior to version releases

→ Communication protocols, including HTTPS, TCP/IP, MQ, are supported

→ Testing includes both the FedNow Service and a tailored participant's profile, covering send and/or receive, liquidity management transfers, settlement services and more

→ Implement any business rule using t3 'Rule Actions'.

→ Agile methodologies and DevOps are complemented, allowing full and continuous automated regression testing

→ Test and validate all FedNow ISO 20022 messages types, value and non-value messages, including FedNow business rules

→ Data can be reused, imported and exported, this includes public keys and certificates

→ Access can be granted to unlimited users across multiple environments (Dev, SIT, etc)

Thanks to these comprehensive capabilities, Iliad Solutions has been called on to support a number of major U.S. banks within months of FedNow's launch.

TEST EVERY TRANSACTION SCENARIO WITH CONFIDENCE

The FedNow Service has developed a ISO 20022 Readiness Portal Guide to help adopters integrate instant payments infrastructure into their payments ecosystem.

The guide is designed for anyone with an interest in the FedNow Service's use of ISO 20022 messages, payments business and product managers, future FedNow Service participants and service providers responsible for developing, upgrading, or testing applications that will interface with the FedNow Service.

With that in mind, Iliad's FedNow Testing Solution pack has been developed specifically to mirror this guide. We have included in the pack a cryptographic signature validation component that falls outside of ISO 20022 messages. The reason for this is that the Fed is taking a slightly different approach to industry in that it does not place cryptographic signatures inside message bodies, opting instead for a separate protocol header.

Helpfully, Iliad's FedNow Testing Solution pack is extendable. This means that financial institutions can test all FedNow Readiness Portal Guide scenarios using our Solution, in addition to copying an included template to create and run other types of scenarios under test. For example, copying a template and testing and changing the data values in Leg 1 will change subsequent legs.

THE **FEDERAL RESERVE**
Financial Services

FedNow
24|7
INSTANT PAYMENTS

FedNow℠ Service ISO® 20022
Readiness Portal Guide
Version 1.3, 8 December 2022

TESTING SCENARIOS NOT COVERED IN THE FEDNOW READINESS PORTAL GUIDE

Some organizations may think it sufficient to simulate FedNow Service instant payment calls using the Readiness Portal, which allows tests of a limited range of scenarios.

But at Iliad, we think there's a need to demonstrate operability across a much broader set of situations. For example, here are three possible scenarios covered by our Solution:
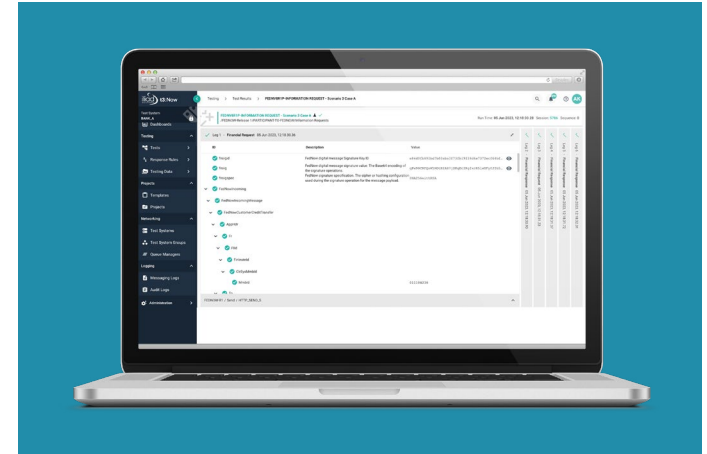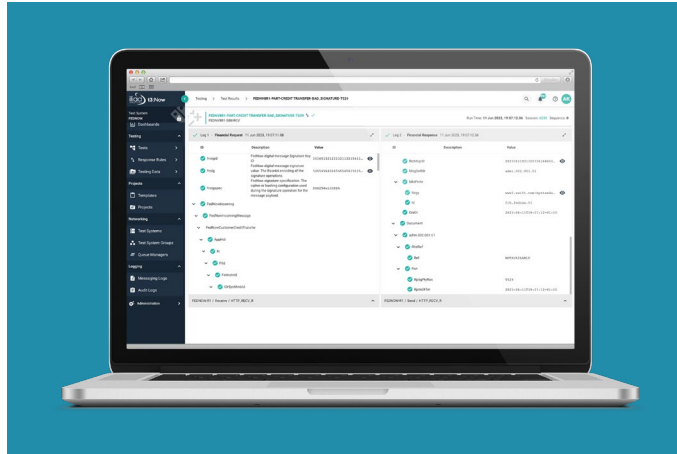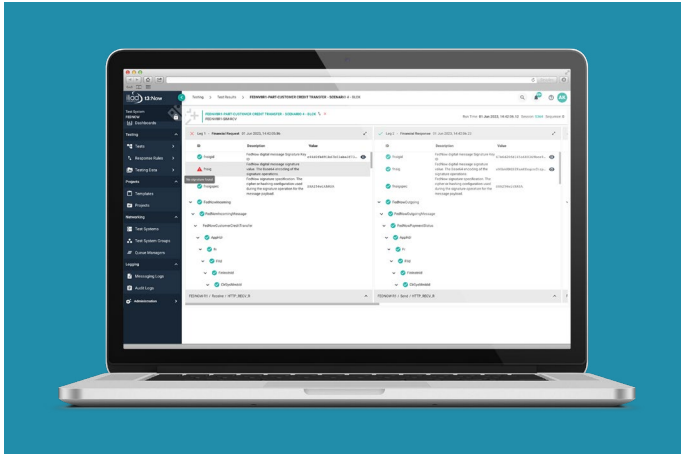
1 Validate digital signatures generated using cryptographic keys

2 Validate against FedNow business rules

3 Complex end to end Scenarios

Iliad's FedNow Testing Solution gives financial institutions the confidence that all instant payment functionality is working flawlessly prior to and post launch.
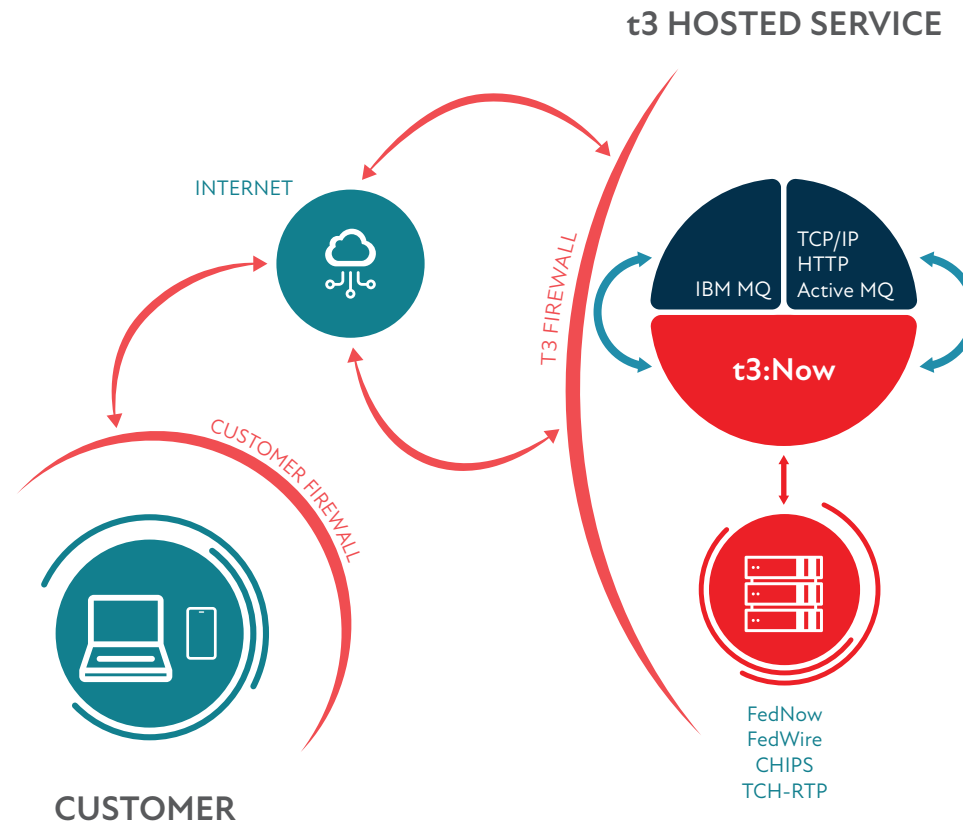
ON YOUR TERMS: A TAILORED APPROACH TO IMPLEMENTATION

Iliad's FedNow Testing Solution has been designed to support a wide range of financial institutions with differing instant payment requirements.

The Solution is an orchestrated version of our t3 virtualized test platform, which gives financial institutions around the world more control, reduced implementation costs, and greater confidence in their innovation projects.

Firstly, to aid connectivity between your financial institution and the FedNow Service, we provide a hosted solution with IBM MQ options. This is the simplest and safest way of testing instant payments across your business and with any third parties.

t3 HOSTED SERVICE

INTERNET

T3 FIREWALL

CUSTOMER FIREWALL

IBM MQ

TCP/IP
HTTP
Active MQ

t3:Now

FedNow
FedWire
CHIPS
TCH-RTP

CUSTOMER

In addition, we enable two levels of testing, mindful that different banks will want to engage FedNow Service instant payments in different ways:

1. Instant payments settlement. This is for banks that want to allow their customers to receive faster payments from any payer.

2. Instant payments processing and settlement. This is for banks that want to allow their customers to make and receive instant payments.

As well as virtualizing FedNow Service instant payments, t3 is well equipped to test other common payments protocols including Fedwire, TCH RTP, Card Auths, Open API, etc. This means that once you've deployed t3, it can be extended easily for other banking innovation use cases.

A TRACK RECORD OF FASTER PAYMENTS INNOVATION

With proven expertise in financial services technology, Iliad Solutions is a trusted partner to major financial institutions around the world. And because we're uniquely platform agnostic, we are well placed to support your instant payment adoption ambitions.

Indeed, since founding in 2001 our specialists have supported organizations large and small to seamlessly integrate the latest banking technology. Major successes include supporting U.S. banks with their adoption of TCH Real-Time Payments, and assisting UK banks to onboard Faster Payments.

Our approach works because we understand the financial services industry and develop tailored testing products that meet our clients' needs. We go beyond simply testing to ensure payments work; our platform leaves no stone unturned, enabling banks to test payment products to destruction upstream and downstream.

If you are planning to integrate the FedNow Service's instant payments infrastructure, make sure you can launch with confidence. Test with Iliad.

To find out how to get started, contact us on:
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