Have you ever wondered how financial institutions move large amounts of money?

Funds and securities transactions totaling millions—and even billions—of dollars are transferred every day with the help of the Federal Reserve Bank of Kansas City’s Wholesale Operations Site (WOS). As one of only two operations sites in the Federal Reserve System, the WOS supports six of the 12 Federal Reserve Districts spanning four time zones.

The WOS primarily helps ensure financial institutions can quickly and safely exchange large-value, time-critical payments. Every month, staff processes roughly 2,500 offline funds and securities transactions, each with an average value of $1.5 million and $4 million, respectively.

Operations are split between two functional units with unique duties and responsibilities. The Administrative Unit works with customers to ensure their application profile is representative of their business needs, while the Transfer Unit processes offline transfers and provides customers with transaction and other account information.

In addition to normal operations, staff exercises contingency-readiness procedures throughout the year. These tests ensure effective plans are in place to respond to network disruptions, natural disasters and terrorism. The WOS has withstood all three, including the 9/11 terrorist attacks when staff worked to help maintain liquidity for the nation’s largest financial institutions.

The general daily process is outlined to the right.

**Risk Mitigation**

WOS operations are tightly controlled and monitored.

- Operations are located in a secured area to prevent unauthorized viewing of sensitive data.
- All phone calls with customers are recorded.
- Unique identifiers are used to establish customer authenticity.
- Offline transactions require a strict four-party callback procedure.
- Only people authorized by the depository institution can conduct business with the WOS.
- Data security reviews are conducted regularly to ensure staff has been granted appropriate access.

*Text by Brye Steeves, Senior Writer*

*Illustrations by Casey McKinley, Senior Graphic Designer*
Funds and securities transactions are domestic and flow through Fedwire, which is the Federal Reserve’s highly secure, real-time system. Transactions are immediate, final and irrevocable.

**Bank to Bank**  
A funds transfer can be a straight bank-to-bank transaction, or it can be destined for a named third party. Securities can be exchanged without payment, but most are “delivery versus payment” where a simultaneous payment is received for the value of the securities.

**Third Party**  
For offline customers (those without an electronic connection to the Federal Reserve), the WOS serves as an intermediary by entering transactions into Fedwire on their behalf. This requires a highly secure authentication and verification process.

Online customers use an electronic connection, which is the most cost-effective and efficient method for originating transactions. The majority of Fedwire volume is processed in this manner.