

In the bank

Cash Services Departments process millions daily

Some people may think the use of cash is diminishing given the variety of payment options available to consumers today. Millions of dollars, however, flow in and out of the Federal Reserve Bank of Kansas City every day in stacks of ones, twos, fives, 10s, 20s, 50s, 100s and bags of coins.

Cash remains the preferred payment option with consumers in transactions under \$25. According to the Kansas City Fed's Cash Services, for transactions under \$10, cash is used 66 percent of the time, debit 18.4 percent and credit 10.2 percent. For transactions under \$25, cash is used 47 percent, debit 27.6 percent and credit 19.9 percent.

Taking all consumer transactions into account, cards remain the preferred method of payment in consumer transactions, used 42 percent of the time. Cash, however, is a close second at 40 percent. Lesser options are payment by check or other methods, such as direct account transfers.

In an average day, a combined total of about \$85 million is paid out and more than \$73 million is deposited at the Tenth District's Cash Services Departments in Kansas City and Denver. Additionally, shipments of newly printed currency typically arrive each month.

And the Cash Services Department staff handles it all. It's their responsibility to distribute and receive money to and from Federal Reserve Bank customers (banks and credit unions), circulate new coins from the U.S. Mint and new currency from the Bureau of Engraving and Printing, plus detect suspected counterfeit notes.

Above all, the staff follows a process so the money is always accounted for and secure.



1

The Federal Reserve Bank: Cash Services Department

Money comes from the Bureau of Engraving and Printing, and customers (banks and credit unions) send their excess cash to the Kansas City Fed for deposit. Roughly, 2,400 financial institutions in the Tenth District are served by the Federal Reserve Bank, which receives about 185 deposits a day.

2

Receiving Unit:

Currency shipments arrive via armored carriers at the dock. The money, sealed in bags, is then delivered to designated rooms where staff accepts the deposits.





3

High-Speed Unit:

Notes are run through high-speed currency machines to count deposits and shred unfit currency. Sensors determine which notes to prepare for payout and which to reject. In the Tenth District, an average of 569,200 notes are counted and sorted per hour.

4

The Vault: Money is then delivered by robot to the vault where it is stored until it's needed for payout.



5

Unfit Money:

Dirty, defaced, worn or torn notes are shredded. Last year, more than 163 million notes worth \$3.3 billion were destroyed in the Tenth District.



6

Paying Unit:

Customers place currency and coin orders to replenish their supply. The Tenth District receives on average of 364 orders a day. Armored carriers hired by the Federal Reserve Bank's customers pick up orders and make the deliveries.



DID YOU KNOW...



- Generally you only need to have 51 percent of your note for it to be accepted.
- The average lifespan of a \$1 note is 22 months, five years for a \$100 note and 25 years for a coin.
- Unfit currency is shredded into pieces smaller than 3/8-inch square.
- If the machine can't destroy a note because it is too dirty or mangled, it must be shredded manually. An "independent witness" from within the Federal Reserve Bank is called to verify the destruction.
- Cash Services employees are required to be certified to detect counterfeit money. The Federal Reserve Bank gives all suspected counterfeit notes to the Secret Service.

Sources: Federal Reserve Bank Tenth District Cash Services Department and the Bureau of Engraving and Printing.