

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. 9732
September 21, 1984]

TERMINATION OF FEDERAL RESERVE CASH TRANSPORTATION SERVICE

Effective January 1, 1985

*To All Depository Institutions, Branches and Agencies of Foreign Banks,
and Others Concerned, in the Second Federal Reserve District:*

The Federal Reserve Bank of New York will discontinue providing cash transportation services, effective January 1, 1985.

This Bank's decision to discontinue the cash transportation service will in no way affect any depository institution's access to Federal Reserve currency and coin services. Depository institutions in the Second Federal Reserve District may continue to deposit with and withdraw from this Bank currency and coin in accordance with procedures currently in effect. (In this connection, our Operating Circular No. 3, containing those procedures, is being revised and will be sent to you shortly.)

Since January 1982, this Bank has arranged cash transportation service, on a fully priced basis, for depository institutions in the Second Federal Reserve District that have requested us to do so. In order to provide this service, the Bank entered into contracts with armored carrier companies. Based on the prices paid to the armored carriers and the Bank's administrative costs, per-stop and per-bag charges were established for routes throughout the Second District. As contracts were renegotiated, per-stop charges were adjusted in order to provide full recovery of the Bank's costs. Most of this Bank's existing armored carrier contracts will expire by the end of 1984. Renegotiation of the contracts would likely lead to significant increases in the per-stop charges for most banking offices.

Also, since January 1982, the majority of Second District depository institutions have realized cost and service efficiencies by arranging their own cash transportation service. This reflects the spirited competition among the more than 30 armored carriers in the District as well as the fact that many of the armored carrier companies have been able to offer service at prices below this Bank's contract prices. In addition, certain depository institutions find attractive the specialized currency and coin services offered by many armored carriers.

Although under its new policy this Bank will no longer enter into contracts with armored carrier companies, we are prepared to provide depository institutions with advice and assistance in obtaining armored carrier service and will work with the depository institutions and the armored carrier industry to ensure a smooth transition. Within the next several weeks, our Cash Processing personnel will contact each depository institution currently using our cash transportation service to discuss that institution's transportation needs and plans and to offer our assistance, if needed, in arranging armored carrier service.

In the meantime, if you wish to discuss your institution's cash transportation needs, please call your Account Manager (212-791-6600) or Charles E. Rockey, Manager, Currency Services Department (212-791-7959), or Jeffrey B. Pruiksma, Chief, Currency Services Department (212-791-7907), at the Head Office. In the Buffalo Branch territory, please contact either Gary S. Weintraub, Cashier (716-849-5020), or Donald J. Weber, Chief, Cash Division (716-849-5026).

ANTHONY M. SOLOMON,
President.