

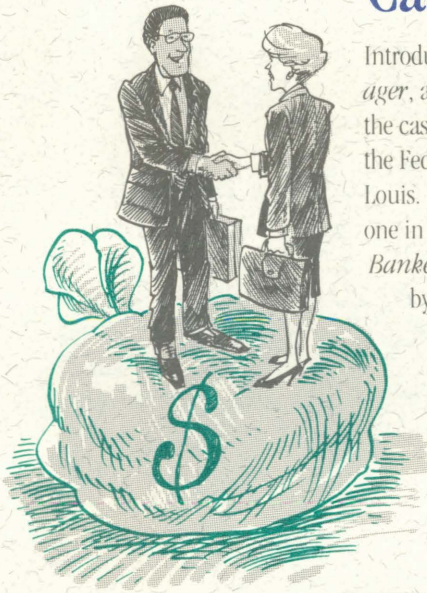


# THE CASH MANAGER

July 1991

News and Views  
on Cash Services  
for the  
Eighth Federal Reserve District

## St. Louis Fed Launches Cash Newsletter



Introducing... *The Cash Manager*, a newsletter produced by the cash operations sections of the Federal Reserve Bank of St. Louis. *The Cash Manager* is one in the family of *Central Banker* newsletters produced by the St. Louis Fed for Eighth District financial institutions. The newsletter series was introduced earlier this year as part of a bank

relations effort to improve communications between the Fed and District institutions.

Each semiannual issue of *The Cash Manager* will contain articles on new services, cash issues, procedural updates, news summaries and interesting facts about money.

If you have any comments or suggestions for the *Cash Manager*, or if you would like additional copies, call your local

cash office: in St. Louis at (314) 444-8330, in Little Rock at (501)324-8250, in Louisville at (502)568-9222 or in Memphis at (901)523-7171 ext. 635.

We hope you enjoy reading *The Cash Manager*. We're anxious to hear from you.

## Security-Enhanced Currency To Be Released Soon

**T**he Bureau of Engraving and Printing will soon be introducing security-enhanced currency designed to foil counterfeiters. The \$100 note will be the first bill to be enhanced.

The new currency will have two additional security features: the microprinting of "United States of America" repeated around the portrait on the bill and a vertical polyester strip, embedded in the paper and imprinted with "USA" and the denomination, which will be visible only when held up to

the light.

The security-enhanced currency will be introduced through the same process now used to replace unfit currency; as old currency passes through the Fed, the unfit will be taken out of circulation and replaced with new currency.

The Fed will be providing Eighth District financial institutions with an information kit on all the features of the security-enhanced currency and its introduction later this month.

# Fed Rated On Cash Services: What You Said

**Y**ou may remember that several months ago the St. Louis Fed asked customers to rate our cash services. We not only wanted to know how we were performing, but also expected to identify common concerns, needs and misconceptions about our cash operations as well as your suggestions for additional services.

The survey's response rate was overwhelming: more than 50 percent of the surveys were returned. Of the respondents, more than 90 percent gave the Fed's cash services a "good" or "excellent" rating. Nonetheless, the survey did identify some concerns that warrant both continued study and a word or two of explanation.

## ***Currency Quality Was An Issue***

The St. Louis Fed actively pursues a quality-control program to ensure that we ship only fit and new currency. Several respondents, however, were concerned about currency quality.

We understand that many bankers and consumers prefer higher standards for currency fitness. But with current replacement costs of more than three cents per note, it would be fiscally irresponsible to retire notes prematurely.

For more information about currency quality issues, see "Mutilated or Unfit: What's the Difference?" on page 4.

## ***Can "Special Request" Orders Always Be Filled?***

Unfortunately, the answer is no.

As much as we would like to satisfy special requests for new currency, each Federal Reserve Bank is directed by the U.S. Treasury to ship currency according to current inventories and thereby be indifferent to cosmetic differences between notes. Thus, we cannot always comply with special requests.

## ***Resolving Cash Differences: Speeding Up The Process***

Our survey results contained a few concerns about the timeliness of resolutions resulting from differences in shipped currency.

The St. Louis Fed attempts to resolve cash differences as quickly as possible after receiving written documentation from our customers. To expedite this process, please include the strap in which the difference occurred, written assurance that the currency was held under dual control until time of verification and documentation that the verification was conducted by two individuals. This procedure allows us to give you a more timely resolution.

## ***Why All The Greenbacks?***

Several survey respondents commented on the high number of greenbacks—or notes that face the opposite direction than most others in a strap—in currency shipments from the Fed. A couple of respondents correctly noted that the Federal

Reserve requires that no currency deposited at a Reserve Bank contain greenbacks.

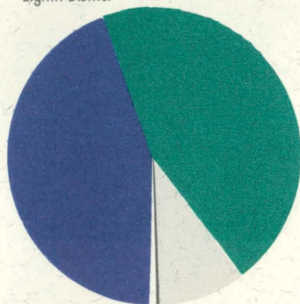
Because our high-speed currency verification and destruction machines cannot "read" greenbacks, they are automatically rejected and are hand-reconciled. Therefore, we would expect the presence of greenbacks in Fed-shipped currency to be extremely uncommon.

To help us account for this problem, financial institutions experiencing high levels of greenbacks are encouraged to send us written notification. We also encourage these institutions to determine whether the currency they receive comes directly from the Fed or through a correspondent.

By the way, upside-down notes are technically not considered greenbacks. Though the Federal Reserve System prefers right-side-up orientation, our high-speed equipment cannot actually detect this situation. Correctly oriented bills received at the Fed, if fit, will re-enter circulation in like manner.

### Survey Ratings Summary

Eighth District



Percent (possible responses)

- 43.2% (Excellent)
- 47.1% (Good)
- 8.5% (Adequate)
- 1.1% (Poor)
- 0.1% (Unacceptable)

# Federal Reserve Notes

## Armored Carrier Routes Expanding

The Fed has always favored the use of armored carrier service over registered mail to maximize the security of currency shipments to and from the Fed. But until now, this service was unavailable to some rural institutions because of limited carrier routes.

The St. Louis Fed and Louisville office recently negotiated with several armored carrier companies to establish routes to many of these institutions. And with anticipated price increases for registered mail, the time to switch to the carrier service has never been better.

If you're interested in changing from registered mail to armored carrier services, contact Pat Warren at the St. Louis Fed at (314) 444-8330 or Jim Stephens at the Louisville office at (502) 568-9221.

## Early Credit Requests Require Precise Preparation

It used to be that money sent to Federal Reserve Banks for deposit was credited to sending institutions the day the Fed received shipment (usually the day after it was sent). But several years ago, the Fed initiated an "in transit from" account, which allows depositors to receive credit for their deposits on the day the money actually left their location. To have your early credit requests processed efficiently, please remember the following:

- *Full standard packages and bundles are required for deposits of both coin and currency; for depositing requirements, refer to Operating Letter number 10.*
- *The invoice accompanying your deposit, reflecting each denomination, must be*

*identical to your early credit request.*

- *Don't forget to call us the day the money leaves your location; if you use correspondents, call them, and they will call us.*
- *The deadline for accepting early credit calls is noon.*
- *Calling in the day after your money leaves your location may be too late; we will have most likely received your shipment and credited your account. Duplication will require additional entries which ultimately complicates the reconciliation of your Fed Statement.*

## Are Your Food Coupons Secure?

What would happen if your next shipment of food coupons was lost during shipment? Because neither the Department of Agriculture nor the Federal Reserve is liable, and because photocopies of food coupons are not acceptable substitutes for coupons lost, destroyed or stolen during shipment, how can you secure them? You may want to insure the coupons for risk of loss during shipment. When choosing to do so, be sure to retain all pertinent records to assist in substantiating any future claims.

## What Does The Seal Reveal?



**H**ave you ever thought of the currency that passes through your hands every day as chronicles of American history? Just take the Great Seal of the United States, featured on the reverse of the one-dollar bill.

Congress adopted the design of the Great Seal in 1782. It was first incorporated into the design of a currency note on the one-dollar 1935 series silver certificate, and it has appeared on the reverse of all one-dollar notes ever since. Notice the symbolism in the seal's design.

The seal on the left side of the bill features an unfinished

pyramid, symbolizing material strength, an enduring foundation for future growth and a goal of perfection.

Above the pyramid is a "glory" burst and an eye representing the eternal eye of God; it symbolizes the placement of spiritual qualities above material qualities.

At the top and around the edge of the Seal is a 13-letter Latin motto meaning "He has favored our undertakings."

The base of the pyramid bears the Roman numerals 1776, the year of our nation's independence.

The seal on the right side of

the bill shows the American bald eagle with wings and claws outstretched. The right claws hold an olive branch with 13 leaves, representing peace, and the left a bundle of 13 arrows, symbolizing war. The head of the eagle is turned toward the olive branch indicating a desire for peace.

Above the eagle's head is another "glory" burst containing 13 stars, representing the 13 original U.S. colonies.

The eagle's breast is covered by a shield with 13 stripes, the symbol of a united nation.

# Mutilated or Unfit: What's the Difference?

## OPERATING LETTER

# No. 10

*This "operational highlights" column addresses one of the policies reported in the Fed's Operating Letters and will be a regular feature of The Cash Manager. In this issue, we discuss nomenclature of currency quality as referred to in Operating Letter number 10. We invite our readers to suggest future topics.*

Every day, financial institutions must decide the fate of millions of bills—whether to declare them fit for circulation, unfit or mutilated. Sometimes, the line between unfit and mutilated is not obvious. Here's how you can decide.

Notes that are torn but more than one-half of the note remains, dirty, limp, worn or defaced are considered unfit because of their physical conditions. Unfit currency can be processed at the Fed and, after being credited to the depositing institution, will be destroyed.

To be considered mutilated, however, notes must meet significantly different wear criteria. Mutilated currency may be:

- fragmented so that no single fragment is more than one-half of the original note
- in such condition that their value is questionable or
- require special-care handling

(e.g., they've been burned, scorched or buried).

Mutilated currency cannot be processed by the Fed's high-speed operations and should always be forwarded directly to the Department of the Treasury, Bureau of Engraving and Printing, for credit. See Operating Letter number 10 for details.

We encourage our customers to meet with us and tour our cash operations firsthand. If you're interested in visiting your local cash office, please call (314)444-8330 in St. Louis, (501)324-8250 in Little Rock, (502)568-9222 in Louisville or (901)523-7171, ext. 635, in Memphis.

**Are there others who should be reading this?**

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*If you would like additional copies of The Cash Manager, please call the cash office in your zone.*



Post Office Box 442  
St. Louis, Missouri 63166

*The Cash Manager* is published by the cash sections of the Federal Reserve Bank of St. Louis. Views expressed are not necessarily official opinions of the Federal Reserve System or the Federal Reserve Bank of St. Louis.