

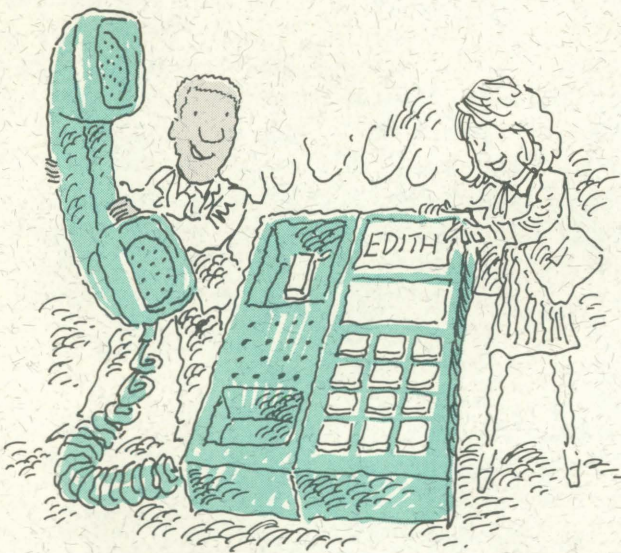
CASH MANAGER

June 1993

News and Views
on Cash Services

For the
Eighth Federal Reserve District

Cash Services Now Available On EDITH and Fedline



At long last, Eighth District cash customers can place currency and coin orders and early credit requests on the Fed's telephone hotline—EDITH®—or its PC-based software—Fedline®. The new ordering options replace the Fed's AutoCash® system.

In addition to its new cash ordering service, EDITH offers a feature that allows customers to inquire about or delete a current day's cash order or early credit request.

Customers may place currency and coin orders on EDITH anytime between

8 a.m. and 5 p.m. local time. Early credit requests may be made between 8 a.m. and noon local time.

Fedline version 2.4 is also available for placing cash orders and early credit requests; however, customers must also be able to access EDITH for backup purposes.

Current AutoCash customers were asked to complete and return an Access Request form to obtain their new personal identification numbers (PINs) required to access EDITH. If you haven't already done this, please contact your local Cash Department today; conversion date is projected for July 15, 1993.

Do ATMs Require New Money?

With the increasing use of ATMs, many bankers expect that they'll need more new vs. fit notes than ever before. Is this an accurate assumption?

According to a recent Federal Reserve study, about 90 percent of \$20 bills in the hands of tellers are acceptable in quality for the machines, indicating that the quality of

fit currency is satisfactory for this use.

Though we understand bankers' preference for new money, we are required to fill orders with fit notes first and issue new notes only to replace those notes destroyed in the normal process of quality inspection.

To add it up in dollars and cents, the cost of new currency

is about \$41 per thousand notes—a price the taxpayers will ultimately pay—and that figure is expected to rise another \$2 over the next few years.

As always, Federal Reserve employees can answer any questions you may have about new vs. fit money. Just call your local Fed office.

There's A Whole Lotta RAP'ing Going On at the Memphis Fed

Everybody knows that Memphis is well known for its blues. And now it's also known for its RAP.

It's not music that's making big hits in Memphis—it's something called the Redemption Accountability Program (RAP), which helps

Before the program, redemption cards sent in with deposits were shipped to the Food and Nutrition Services office in Minneapolis for reconciliation. The shipping and processing was not only costly, but also somewhat inefficient or inaccurate, resulting in delays when balancing our customers' accounts. The RAP program helps to simplify the balancing process.

Here's how the program works. All of the redemption cards deposited within a Federal Reserve district are shipped to a central processing site. In the Eighth Federal Reserve District, Memphis is the central processing site.

After the food coupons are opened and the redemption cards sent overnight to Memphis by the other Eighth District offices, Memphis Branch employees separate the cards by date and prepare them to be processed. The processor microfilms the cards and reads the encoding. Fed employees are then able to reconcile the processed cards and determine which cards contain errors. The microfilm is then sent to Food and Nutrition Services' Minneapolis Computer Support Center for reconciliation back to actual reported food coupon deposits.

Since its introduction nearly two years ago, RAP has proven an extremely successful way of reconciling redemption cards to deposits and improving the accuracy and efficiency of processing. As you might imagine, however, the program can be time-consuming, espe-

cially if there is a problem with any of the redemption cards.

One of the most common problems—yet the most easily avoided—is incorrect or missing encoding on the redemption cards. These cards must be separated and manually entered into the system to enable the reports to balance. Manually keying in unencoded redemption cards that reject during processing can take up to several hours a day.

This is where our customers can help. To keep this process running smoothly, it's not only very important that these cards be properly encoded at your bank, it's also vital that they be added correctly on the tape listing included in the deposits.

With your cooperation, the RAP program will help the Fed balance food coupon accounts more efficiently, resulting in better service to our customers.

The Fed collects the following information from the Food Coupon Deposit Documents and redemption cards for each deposit:

- Retailer authorization number and the depositing institution's total from each redemption card
- Sequence number automatically assigned to each redemption card
- Routing transit number of the depositing institution from the Food Coupon Deposit Document (FCDD)
- Total amount of the FCDD
- Date and credit to the depositing institution
- Routing transit number of the crediting Reserve Bank
- Total value of the redemption cards received with the deposit calculated by the Reserve Bank processing system

Reserve Banks reconcile food coupon retailer redemption cards onsite.

The program was developed in late 1991 after the U.S. Department of Agriculture's Food and Nutrition Services office asked the Federal Reserve to find a way to reconcile the redemption cards with the dollar amount of the food coupons being deposited.

Federal Reserve Notes

Food Coupon Counterfeit Alert

Bank tellers should be aware of two different types of \$10 food coupon counterfeits that have recently been discovered.

One type of counterfeit has poor shading on the portrait, and its serial numbers are not printed as boldly as on authentic coupons. The printing is not fluorescent under ultraviolet light.

A second type all have the series 1992 B. They have a wax-like feel and are yellowish in color. The printing, especially in the serial numbers, is unusually heavy. The scroll work is broken, and the portrait is washed out. The coupons are somewhat fluorescent under ultraviolet light.

If you discover counterfeit food coupons in deposits, notify the Food and Nutrition Service or the Federal Reserve office in your zone.

Eighth District Offices Upgrade Cash Processing Machines

A new generation of high-speed cash processing machines will soon be coming to Eighth District offices.

The new processors will be arriving at the St. Louis office in June 1995, the Little Rock office in September 1995, the Memphis office in February 1996 and the Louisville office in May 1996.

Enhanced features on the machines will remove the straps from packages of 100

notes and track each package for accounting differences.

A Reminder About Registered Mail

Are you using registered mail to receive currency and coin shipments from the Fed? Did you know there is a more reliable, secure and in some cases less expensive method? The answer is armored carrier.

For the handful of cash customers in the St. Louis and Louisville zones who use registered mail, the Fed strongly recommends switching to armored carrier. Not only does the armored carrier better secure your shipments, but with an anticipated increase in the cost of registered mail, it could also save you money.

The Fed has been working with local armored car companies to establish routes in areas not previously covered. If you are interested in using an armored car company for the transportation of your currency and coin shipments, please contact Cathy Otten at the St. Louis office at (314) 444-8330 or Jim Stephens at the Louisville office at (502) 568-9221.

How Does the U.S. Mint Predict Coin Demand?

The U.S. Mint is charged with providing adequate coin supplies for the nation's commerce. It manufactures coins, maintains inventories and ships coins to Reserve Banks for ultimate distribution to the banking community. More than 14 billion coins are expected to be produced in 1993.

Have you ever wondered how the U.S. Mint predicts just how much coin to produce to meet the changing needs in the nation?

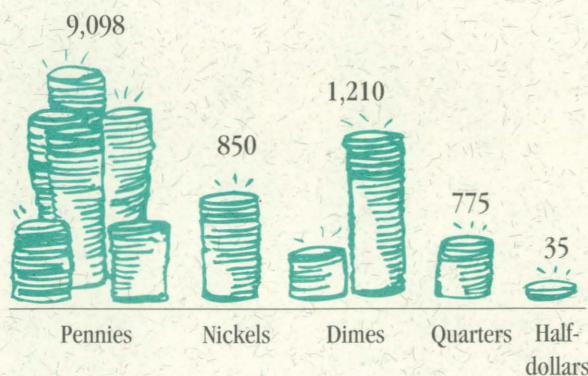
The technique used is called the econometric method, which identifies how economic factors affect coin demand. The econometric model uses 10 years worth of historical data about coin demand correlated with several economic

factors, including changes in population, inflation rates, retail sales, spendable income and gross national product. These factors do not apply consistently to each denomination.

Each year, Federal Reserve Banks also predict their coin

needs. The Mint compares the Reserve Banks' predictions with its own; deviations are often accounted for by regional factors such as changes in deposits by phone companies, the vending industry and the introduction of regional gambling.

Number of Coins Produced in 1992, in millions of pieces



Take A Closer Look At Strap Identification Standards

OPERATING LETTER

No. 10

*This "operational highlights" column addresses the policies reported in the Fed's Operating Letters and is a regular feature of **The Cash Manager**. In this issue, we discuss strap identification standards.*

When depositing currency or food coupons with the Federal Reserve, it is important to follow the guidelines that are described in Operating Letters nos. 10 and 13.

For one, please remember to bundle the items in straps that conform to existing ABA color standards.

In addition, each of the straps must be plainly marked with the following information:

- the name and routing transit number of the depositing institution. This is necessary to determine the depositing bank when an error is detected during the piece verification of the straps.

- the denomination and dollar amount contained in the package.

- the date verified and the verifier's identification. This information is supplied to the depositing institution so that responsibility for the error at the depositing institution can be established.

If you have any questions about strap identification standards, call your local Reserve Bank office.

Take Note!

This is the final scheduled issue of the *Cash Manager*. Future issues of the newsletter may be published as needed. Noteworthy topics will continue to be communicated through correspondence to bankers or will be addressed in the *Central Banker (CB)* publication mailed to CEOs of Eighth District financial institutions.



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