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Currency Trends in the U.S.

And

Security Advantages of Cash



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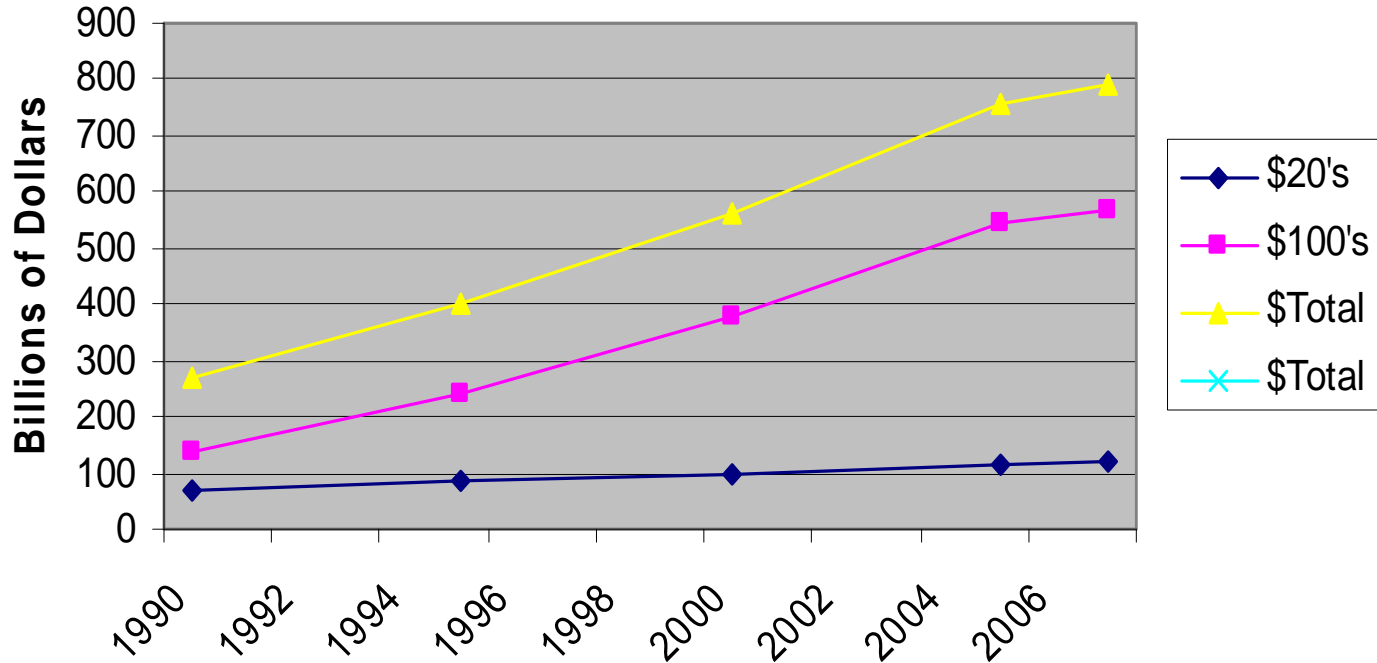
Growth of Cash

- 1991 to 2000 currency increased by 95% (\$268b to \$563b)
- 2001 to 2007 currency increased by 29% (\$612b to \$792b)
- 2006 to 2007 was the smallest increase 1% (\$9b)

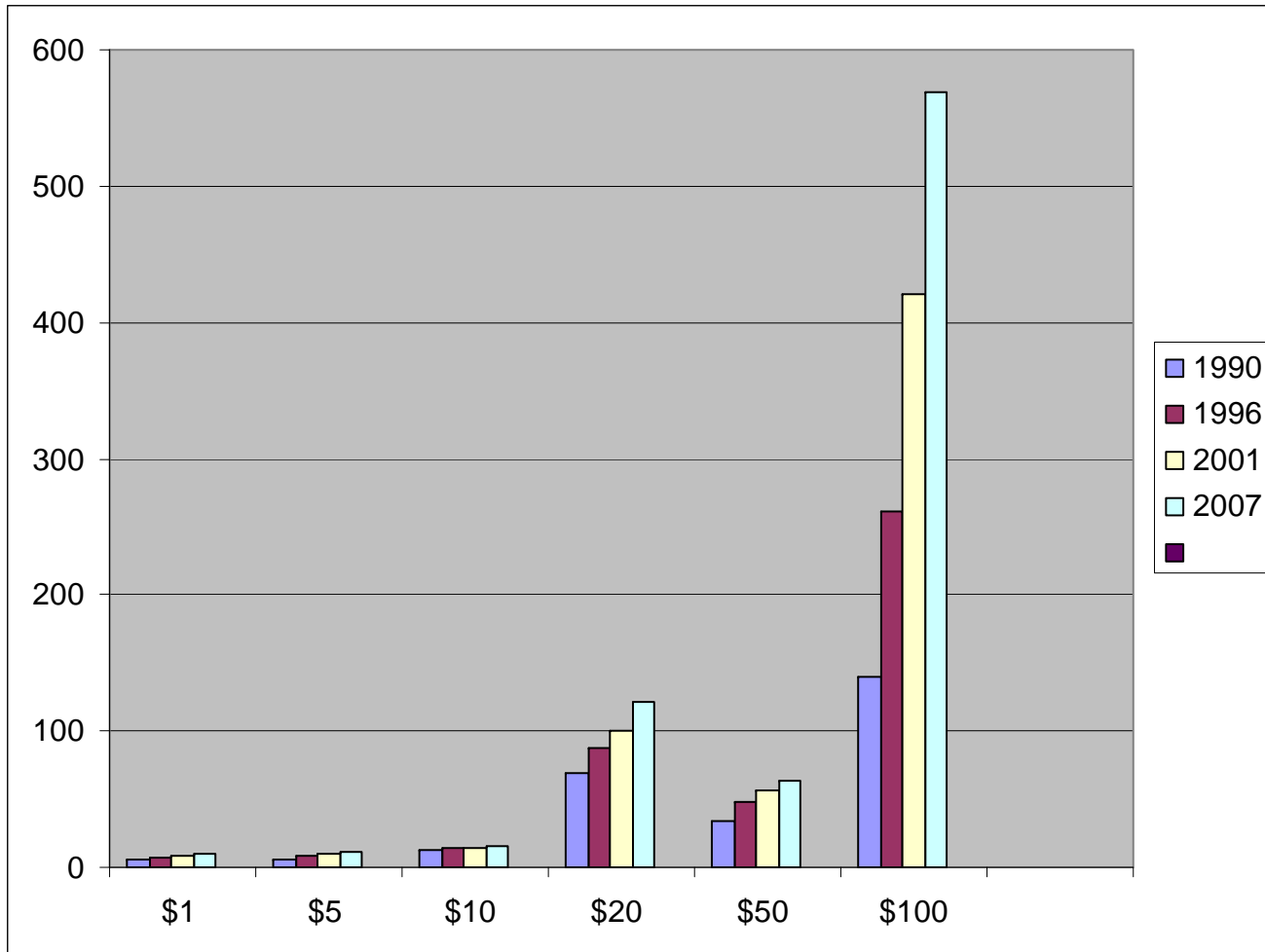


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Currency in Circulation



Circulation Trends





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Coin/Note Decisions

- Only 24% of Americans support eliminating the penny
- 2007 – 7.4b pennies minted
- Only 25% of Americans have seen a new dollar coin (950m minted in 2007)
- Only 13% of Americans prefer the dollar coin (4.1b \$1 notes in 2007)

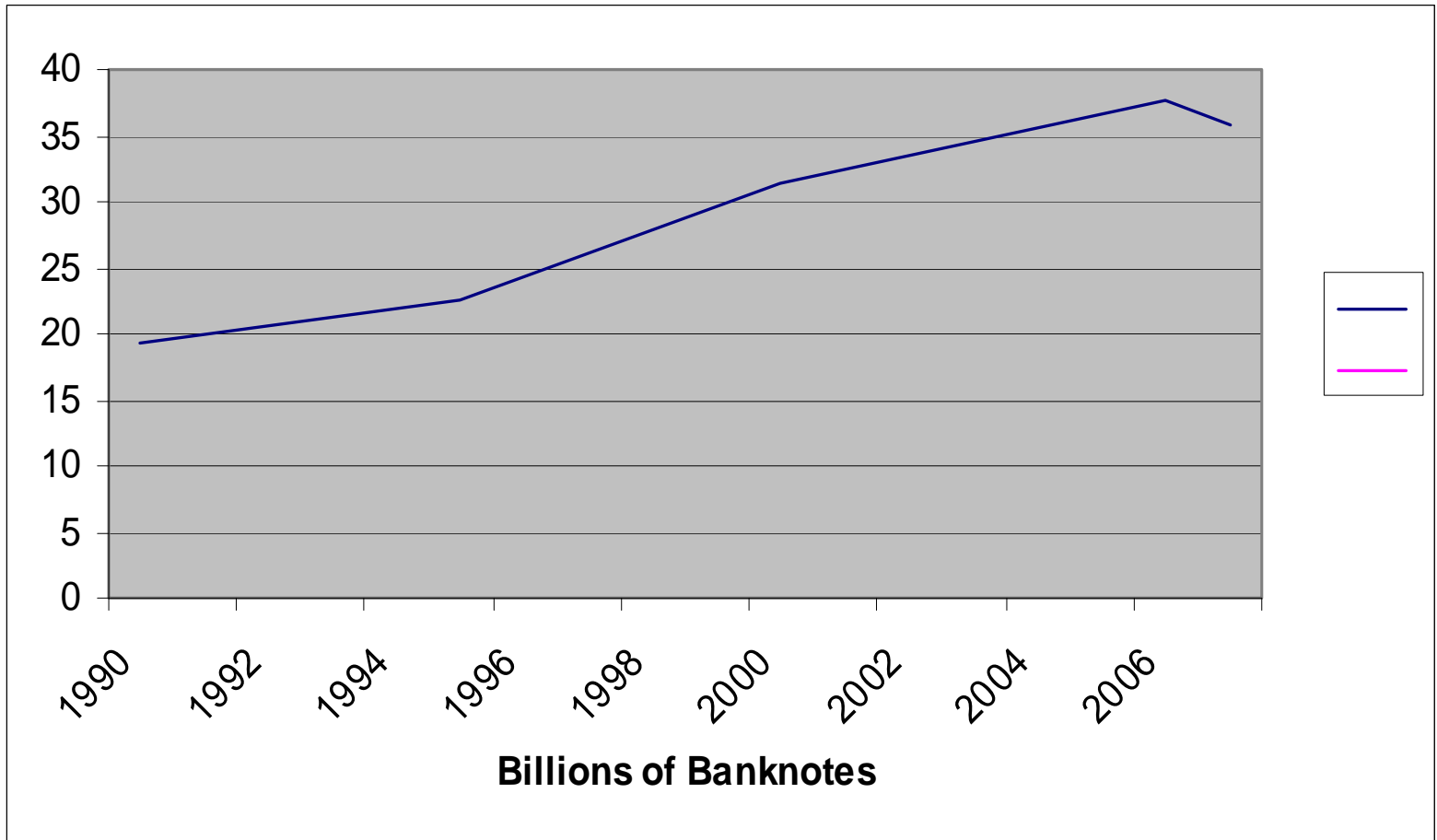


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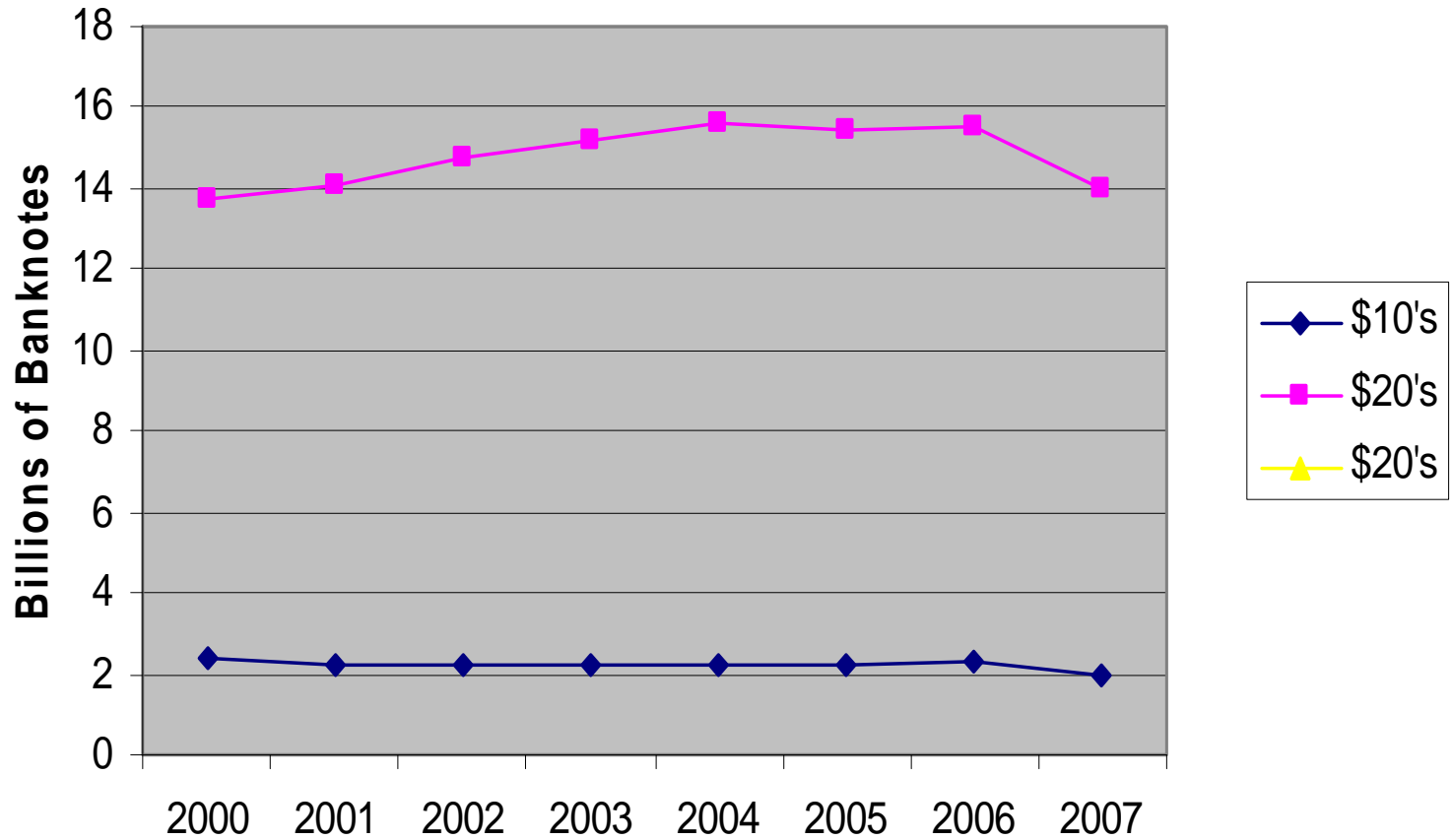
Federal Reserve Policy

- Desire to end “cross shipping”
- Implemented recirculation policy for \$10’s and \$20’s
- Incentive July 06
- Penalties July 07
- Implications

Total Notes Processed



Notes Processed





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Security Reasons to use Cash

- Substrate security
- Inks
- Features
- Machine authentication

Third Party

Central Bank



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Advantages (Cont.)

- Public to public exchange with public authentication.
- Forensic features for law enforcement
- Government validation of authenticity
- Backed by the full faith and confidence of the government



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Card Advantages

- Biometrics
- Electronic Verification (like calling in a serial number)
- Liability borne by issuer (CB's should consider)



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Cashless Society

- 135,000 Google hits for cashless
- Earliest 1976
- 1.2 million hits for electronic payments
- Despite billions in seigniorage CB's do not promote cash



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Defending Cash

- IACA
- Website – www.currencyaffairs.org
- Electronic Library
- Industry News