

# Cash and Coin Remain Viable Payment Methods for Consumers



Amount of circulated cash: **\$1.43 trillion**

Growth of cash notes: **5.6%**

Growth of cash value: **7.4%**

Coins shipped from Mint in 2017: **14 million**

Despite consumer interest in and adoption of alternative payment methods, the most traditional form of payment, cash and coin, remains a mainstay of the U.S. purchasing economy.

In fact, there is more cash in circulation than ever before,<sup>1</sup> and cash represents the single largest share of consumer transaction activity.<sup>2</sup> For financial institutions (FIs), managing large volumes of currency will continue to be a reality today and well into the future. What has changed, however, is how FIs can approach currency management to ensure that it's done as quickly, easily and accurately as possible while also meeting customer expectations for secure and convenient currency-related services.

### Just the facts

Data from the Federal Reserve shows that of all payment methods – cash, credit, check, debit, electronic and other – cash remains the most frequently used payment method, accounting for 31 percent of all consumer transactions.<sup>3</sup>

As this public demand for cash continues to grow, so too does the amount of currency in circulation. According to the most recent figures from the Federal Reserve, the amount of cash in circulation reached \$1.43 trillion, and demand for all denominations of U.S. notes continues to grow. In fact, since 2009, the compound annual growth rate (CAGR) for the number of notes in circulation has been 5.6 percent, with the value of currency in circulation growing at a 7.4 percent annual growth rate.<sup>3</sup> Similar to the large volume of cash in circulation, U.S. Mint circulating coin shipments came in at just over 14 million coins in FY 2017.<sup>4</sup>

Cash also remains a mainstay payment method for low value transactions, such as food, personal care supplies, general merchandise and gifts.<sup>5</sup> Consumers use cash for roughly half of all transactions valued at less than \$50 and is either the most used or second most used payment instrument across a wide array of spending categories.<sup>6</sup>

### Understanding consumers' preferences for cash

The decision to pay with cash is a highly personal one that differs by person, circumstance, cost of their purchase and what's in their wallet. Cash is held and used by a large majority of consumers, regardless of age and income – although how each consumer uses cash varies by demographic.<sup>3</sup> Millennials, for example, report using cash more now as compared to just a few years ago and have a higher propensity to use cash than Gen Xers or Baby Boomers.<sup>3</sup> When comparing cash utilization and gender, women (on average) in the U.S. and around the globe tend to use cash six percent more frequently than men.<sup>7</sup>

Despite these demographic differences, the reasons that consumers prefer cash are nearly universal. A study conducted by the Payments Advisory Group provides a glimpse into why cash remains one of the preferred payment methods in the 21st century:

- Cash is universal
- Cash is anonymous and untraceable (digital payments can be the victim of data breaches and are traceable)
- Cash is reliable (digital payments are subject to the availability of a bank's or a company's electronic payment system)
- Cash provides payment finality
- Cash enforces self-discipline

---

**The key to handling cash and coin efficiently is collaborating with a partner that offers unmatched and effective solutions.**



### **The cost of traditional currency processing**

For financial institutions, the ubiquity of and preference for cash translates into sustained processing of ATMs and large cash deposits from commercial customers. Many FIs have realized that completing these tasks in-house, instead of outsourcing them, can lead to significant savings and increases to their bottom line. However, choosing the right solution is critical to realizing these savings. Traditional currency processing solutions, such as recyclers, can actually escalate unexpected costs and lead to inefficient labor in the branch, which can erode profits. The challenge is to implement a solution that not only eliminates the need to outsource ATM and commercial cash deposit processing but also reduces the labor required in the branch.

### **Advanced technology paves the way for branch efficiencies**

Retail and commercial customers depend on their financial institutions for their currency and coin processing needs, and they expect deposits can be made quickly, easily and accurately.

Processing large-volume jobs requires a solution that was specifically designed with that purpose in mind. Countertop multi-pocket currency sorters are considerably faster<sup>8</sup> than recyclers, a feature critically important to financial institutions that want to save on labor in their branches. For example, it's possible to reduce processing time for each ATM from 45 minutes to 5 minutes (an 89 percent reduction).

Likewise, migrating coin deposits to coin-counting machines in the lobby allows branches to automate or eliminate manual coin-handling processes, processing more coin in less time. This technology allows branch staff to focus on the more complex needs of customers, and the branch benefits from increased traffic and teller efficiencies.

### **Your technology partner matters**

With cash money remaining in circulation for a long time to come, it's important to implement the most advanced currency processing solutions from a partner with the proper expertise and support. Make sure they can give you dedicated attention and provide local sales and service support to keep you up and running.

Get more information on how your cash and coin handling operations may not be as streamlined as you think at [cumminsallison.com/CashAndCoin](https://www.cumminsallison.com/CashAndCoin)

---

<sup>1</sup> The Federal Reserve System; The Federal Reserve System's Perspective on the Future of Cash – Michael Lambert, Director of Banknotes, ATMA Conference PDF; June 2017

<sup>2</sup> The Federal Reserve System; Currency FAQs; September 26, 2018; [https://www.federalreserve.gov/faqs/currency\\_12773.htm](https://www.federalreserve.gov/faqs/currency_12773.htm)

<sup>3</sup> The Federal Reserve; Understanding Consumer Cash Use: Preliminary Findings from the Diary of Consumer Payment Choice; January 2, 2018; <https://www.frbservices.org/news/fed360/issues/010218/010218-cash-2016-diary-consumer-payment-choice.html>

<sup>4</sup> The United States Mint; 2017 Annual Report; <https://www.usmint.gov/wordpress/wp-content/uploads/2018/01/2017-annual-report.pdf>

<sup>5</sup> G4S; 2018 World Cash Report

<sup>6</sup> Federal Reserve Bank of San Francisco; Cash Continues to Play a Key Role in Consumer Spending: Evidence from the Diary of Consumer Payment Choice

<sup>7</sup> Global Data; Women around the world use cash more frequently than men; June 2018;

<https://www.globaldata.com/women-around-world-use-cash-frequently-men-find-globaldata/>

<sup>8</sup> Cummins Allison; <https://www.cumminsallison.com/us/en/products/currency-handling/jetscan-ix-i400>



852 Feehanville Drive Mt. Prospect, IL 60056 T 800 786 5528 [cumminsallison.com](https://www.cumminsallison.com)

Technology innovators and efficiency experts, Cummins Allison transforms the way coin, currency, and checks are counted, sorted and authenticated, and our expanded portfolio includes full-function ATMs. Leading financial, retail and gaming organizations rely on us for the fastest and most accurate solutions in the industry. Our global footprint includes headquarters near Chicago, more than 40 offices in the US and a presence in over 70 countries worldwide. Since 1887, we've been dedicated to quality, reliability and the highest level of customer satisfaction.