



# THE STATE OF CASH

Federal Reserve Bank of Atlanta

February 9, 2023



# TODAY'S PRESENTERS ....



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The views expressed in this presentation are those of the speakers and do not necessarily represent the views of the Federal Reserve Bank of Atlanta or the Board of Governors.

# What We Will Discuss

**1 Currency in Circulation**

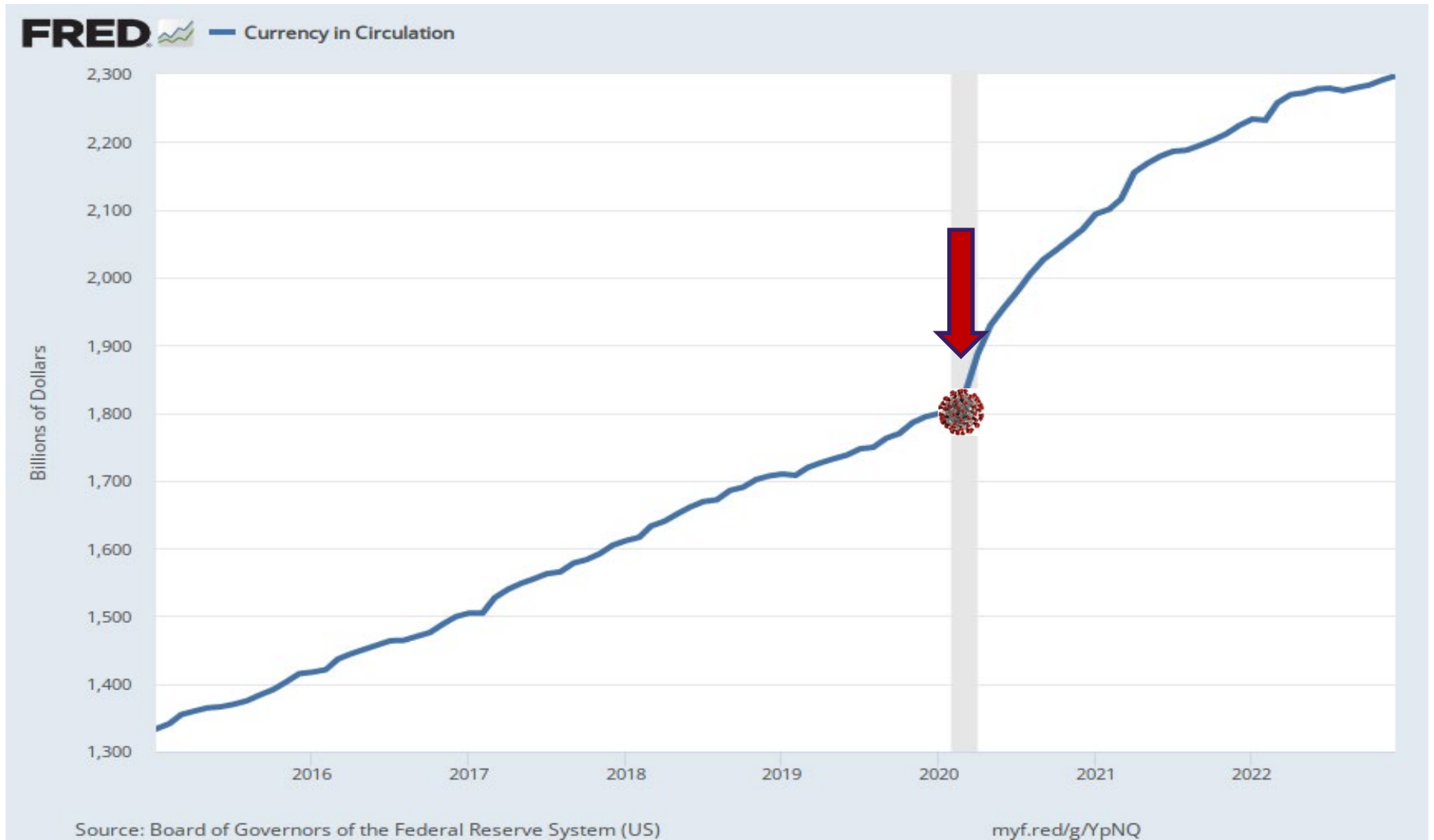
**2 Consumer Use of Cash**

**3 Cash/ATM Related Issues**

**4 Your Questions**

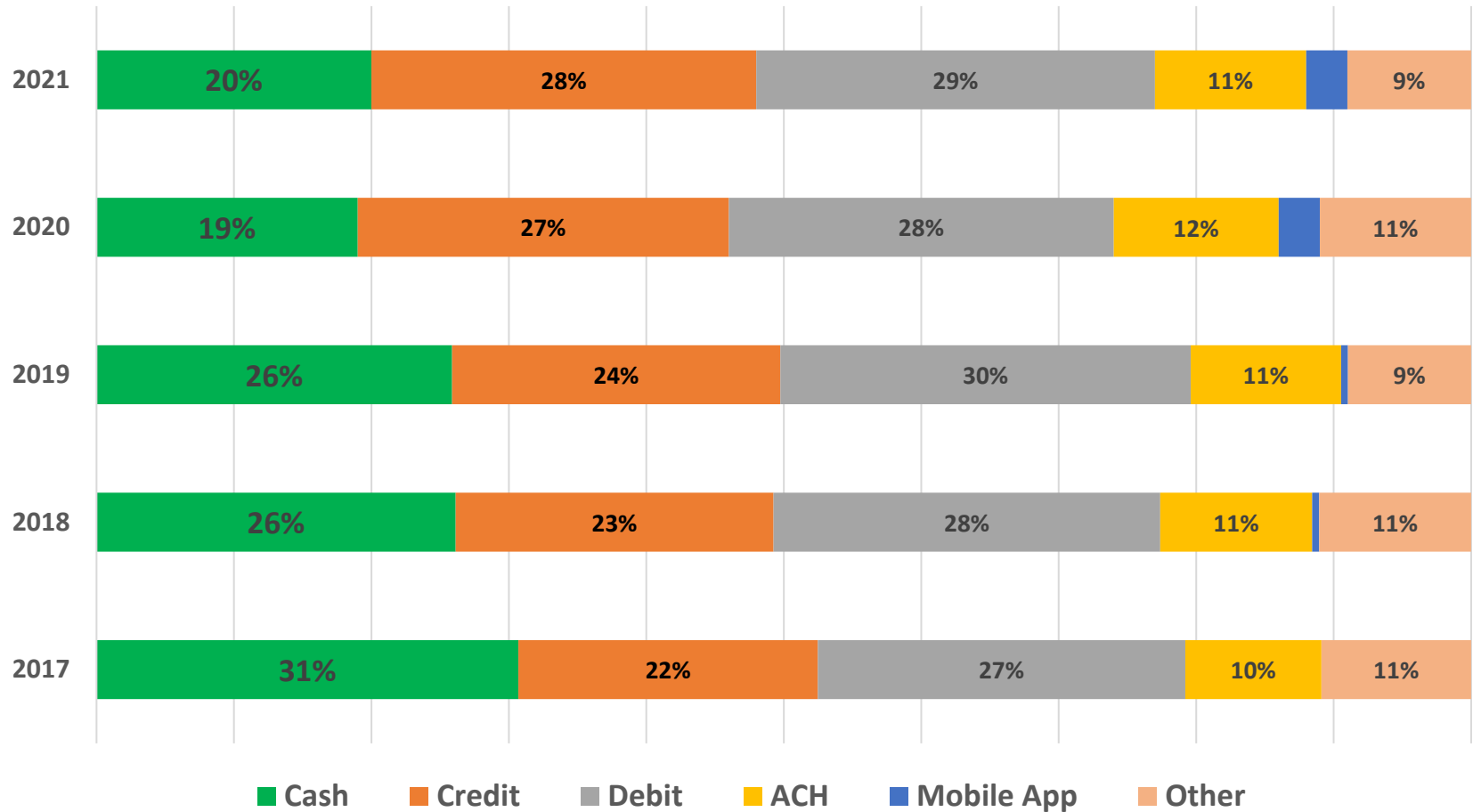
**5 Contact Information & Additional Resources**

# Currency in Circulation (2015–2022)



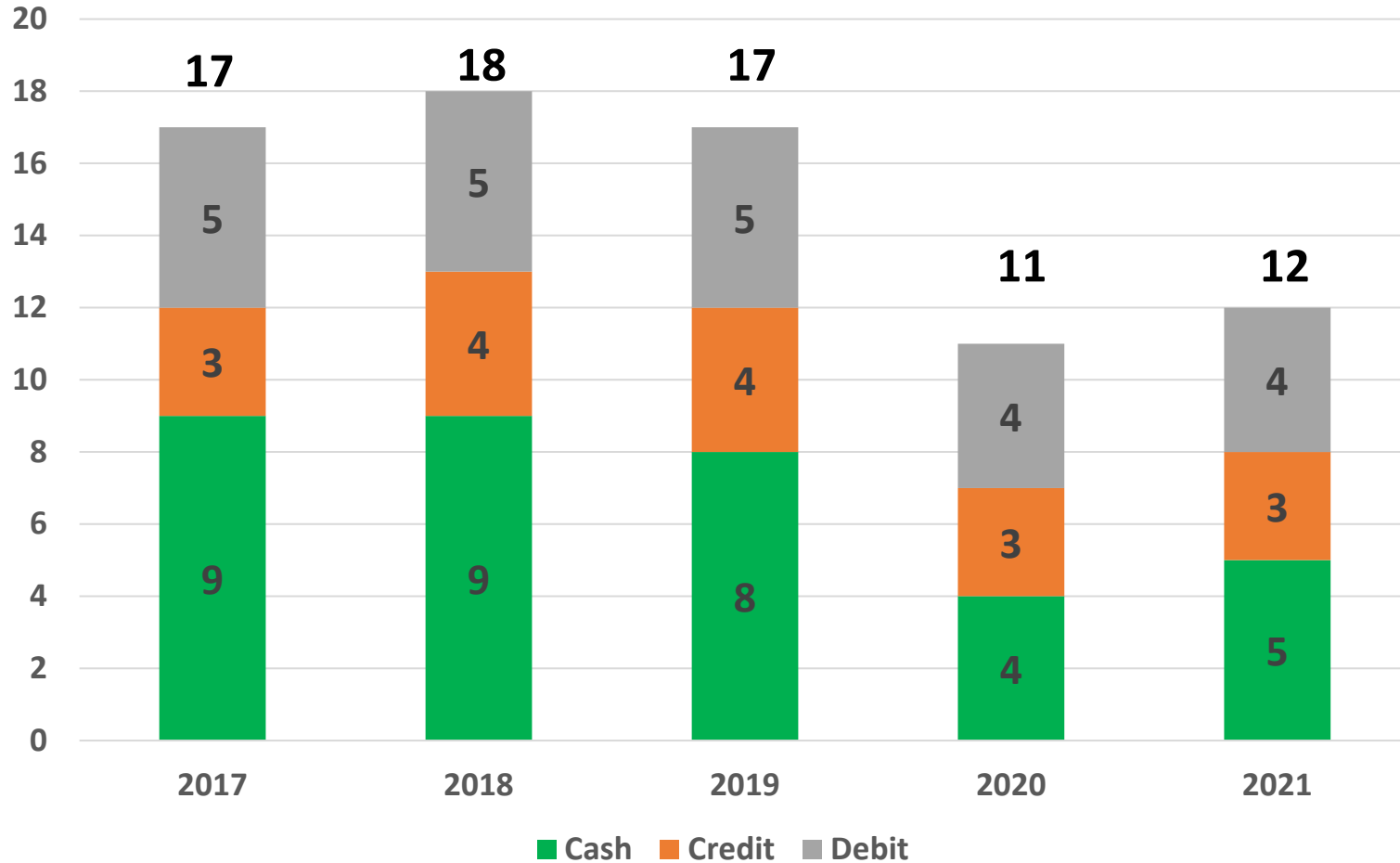
# Payment Share—Cash Usage Is Declining

Share of Payments Use for all Payment (by number)



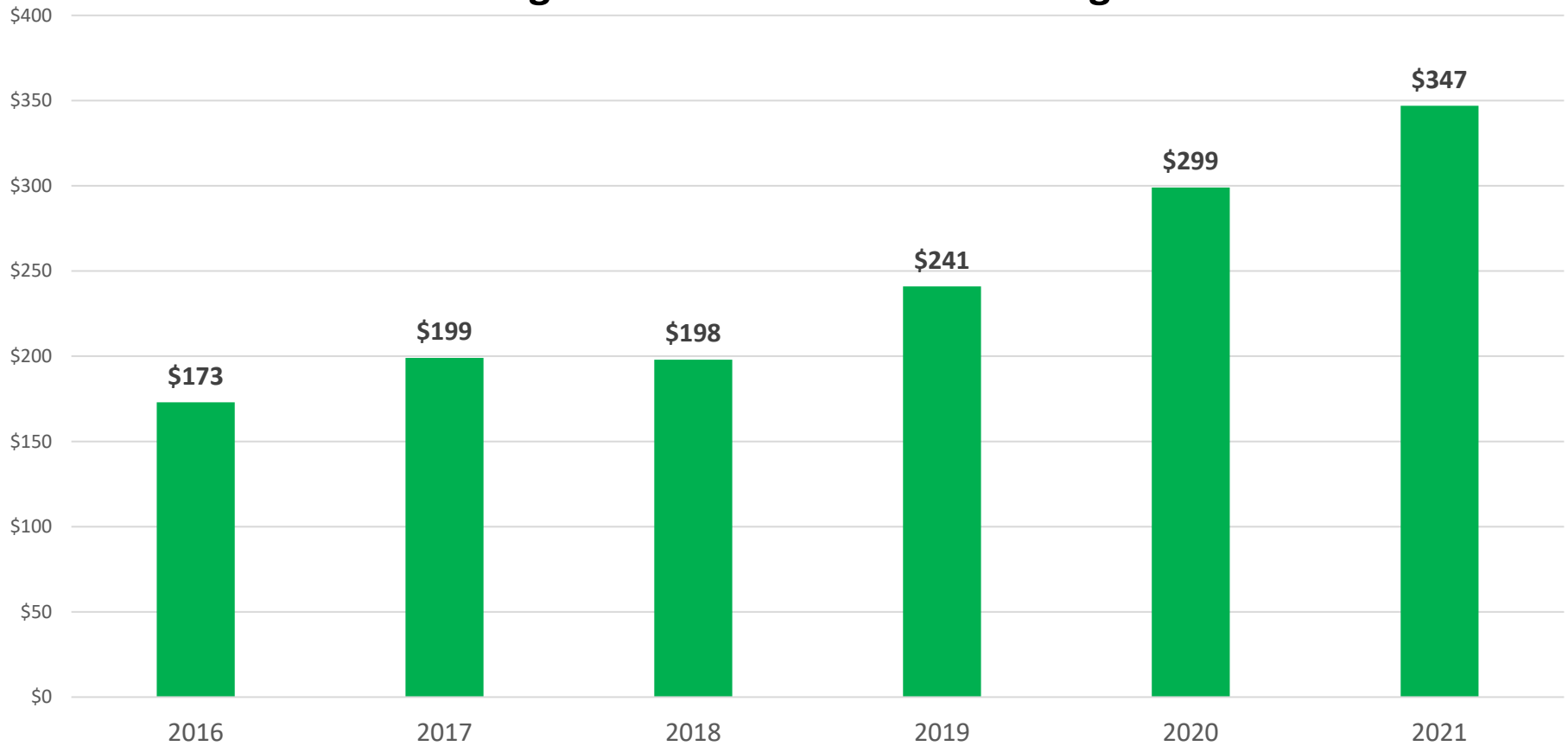
# Small Dollar Payments Moving Away from Cash

## Average Monthly per-Person Payments under \$25



# Cash Holdings Increased

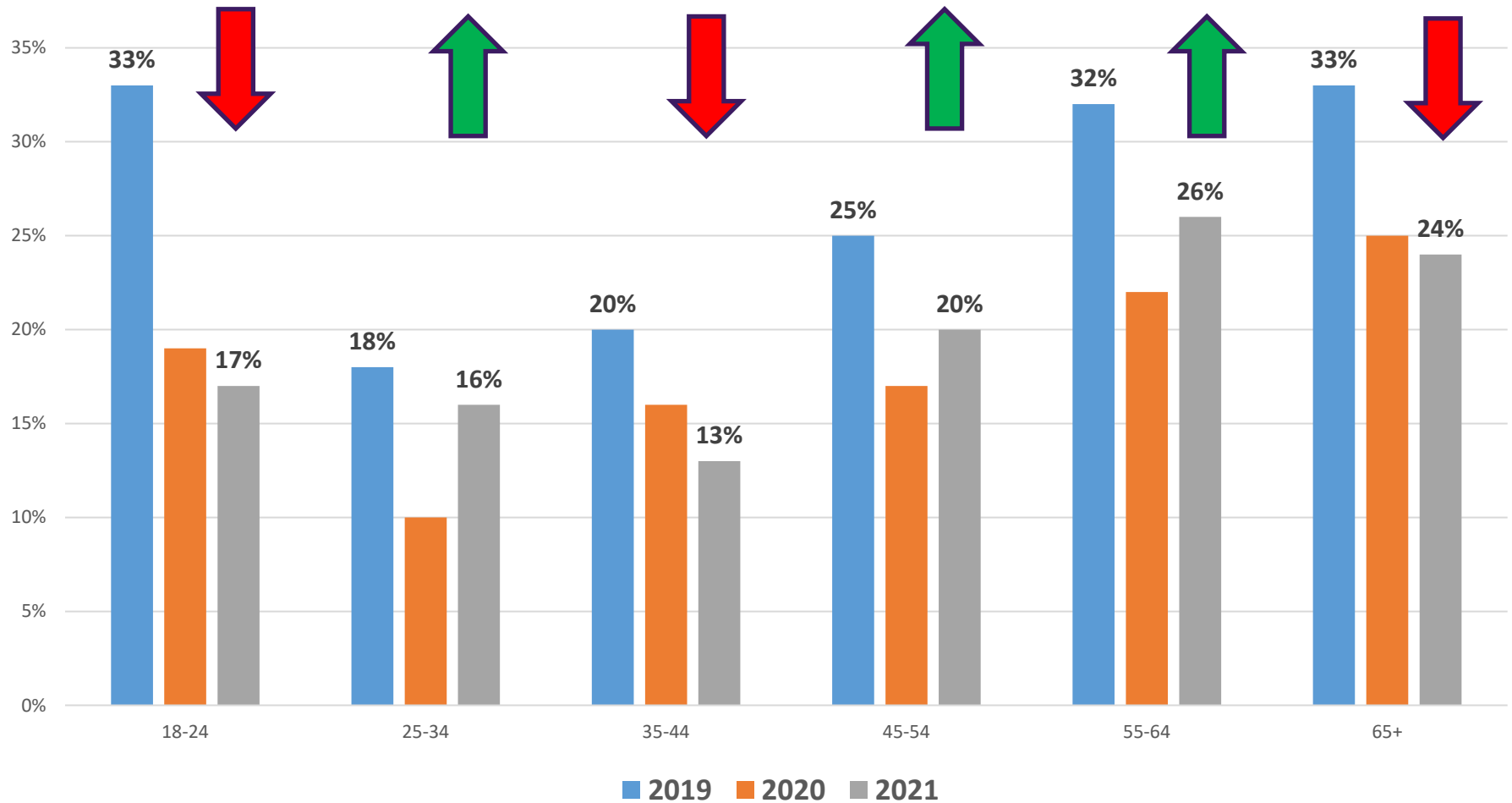
## Average Value of Total Cash Holdings



# Cash Usage Rebound Varied by Age Group

## Shares of Cash Use by Age Group

Note: Arrows indicate change from 2020 to 2021.





# Key Findings on Cash Behavior

- Cash use was already declining before the pandemic, and a variety of factors have contributed to its continued rapid decline.
- Consumers are holding more cash than they were before the pandemic.
- In-person payments dropped dramatically in the early months of the pandemic but are slowly recovering.
- The vast majority of consumers are not concerned about the health aspects of handling cash.

# U.S. Central Bank Digital Currency Status

- The Federal Reserve with two separate, but parallel action paths regarding CBDC.
- The Board of Governors has published two papers addressing CBDC:
  - January 2022: [Money and Payments: The U.S. Dollar in the Age of Digital Transformation](#)
  - April 2022: [Retail CBDC and U.S. Monetary Policy Implementation](#)
  - There can be no movement forward without strong executive and legislative support.
- The Federal Reserve Bank of Boston implemented [Project Hamilton](#) (2022).
  - A partnership with MIT Digital Currency Initiative just concluded after a successful pilot.
- The Federal Reserve Bank of New York created [Project Cedar](#) (2022).
  - Wholesale blockchain for cross-border payments

# Special Committee on Payments Inclusion



**“Economic inclusion, I firmly believe, is among the defining economic issues of our time.”**

*—Raphael Bostic, president and CEO, Federal Reserve Bank of Atlanta*

**Cash access and preservation remain an important focus for payments inclusion.**

[SCOPI-Charter.pdf \(atlantafed.org\)](https://atlantafed.org/SCOPI-Charter.pdf)

[Working Together to Make the Economy Work for Everyone \(atlantafed.org\)](https://atlantafed.org/Working-Together-to-Make-the-Economy-Work-for-Everyone)

# Cash Barriers and Solutions

## Cash Behavior and Choice

- Access to cash
- Trust cash vs. other options
- Fees (ATMs)
- Privacy/Anonymity
- Preferred method in LMI communities



## Barriers

- Merchant acceptance of cash
- Policy issues that create roadblocks for ATM operators

# 2021–2022 Regulatory Actions

## Federal Financial Institutions Examination Council (FFIEC) Manual Revised (November/December 2021)



- Financial institutions are "neither prohibited nor discouraged from providing banking services to independent ATM owner or operator customers..."
- Operators maintain a separate cash settlement account with the bank for its ATMs—presents a lower risk of money laundering terrorist financing, or other illicit financial activity
- "Because the bank knows the source of funds and can compare the volume of cash usage to EFT settlements to identify suspicious activity."

FFIEC revised section on [independent ATM owners or operators](#)

# 2021–2022 Regulatory Actions

## Financial Crimes Enforcement Network (FinCEN) (June 22, 2022)

- Independent ATMs are **not** categorically high-risk (AML, terrorism).
- Risk is specific to the customer relationship:
  - Transaction volume
  - ATM locations
  - Source of funds used to replenish the ATMs.

["Statement on Bank Secrecy Act Due Diligence for Independent ATM Owners or Operators"](#)

# 2021–2022 Legislative Actions

## Payment Choice Act

- Designed “to prohibit retail businesses from refusing cash payments” for transactions under \$2,000
  - Prohibits them from charging cash-paying customers more than customers paying through other means
  - Provides for enforcement through preventative relief and civil penalties
- Passed House of Representatives in 2022 but failed to get out of Senate committee

# Thank You

## What Questions Can We Answer?

**Email Us:**

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# *Take On Payments* Posts on Cash and ATMs

- [The Downside of a Wide Paintbrush](#) (November 2016)
- [Cash Is Critical in Times of Crisis](#) (March 2022)
- [Vulnerable Populations and the Case for Cash](#) (May 2022)
- [Policy Updates Help Independent ATM Operators and Cash Users](#) (July 2022)
- [Paper and Digital: The Two-Part Approach to Hurricane Preparedness](#) (July 2022)
- [What the Payment Choice Act Means for Cash](#) (November 2022)

# Resources

- Blogging every Monday at [Take On Payments](#)
- [Survey and Diary of Consumer Payments Choice](#)
- [Federal Reserve Payments Study](#)
- [Payments Inclusion](#)
- [Community Bank Access to Innovation through Partnerships](#)
- [Conducting Due Diligence on Financial Technology Companies: A Guide for Community Banks](#)
- [Retail Payments Risk Forum](#)
- [Special Committee on Payments Inclusion Charter](#)

# Additional Resources

## REPORTS

Akana, Tom. 2020. "[CFI COVID-19 Survey of Consumers – Wave 3 Reveals Improvements, but Not for Everyone.](#)" Federal Reserve Bank of Philadelphia Consumer Finance Institute Special Report

Auer, Raphael, Giulio Cornelli and Jon Frost. 2020. "[Covid-19, cash, and the future of payments.](#)" Bank for International Settlements BIS Bulletin No. 3.

Chen, Heng, Walter Engert, Kim P. Huynh, Gradon Nicholls, Mitchell Nicholson and Julia Zhu. 2020. "[Cash and COVID-19: The impact of the pandemic on the demand for and use of cash.](#)" Bank of Canada Staff Discussion Paper 2020-6.

Coyle, Kelsey, Laura Kim, and Shaun O'Brien. 2021. "[Consumer Payments & the COVID-19 Pandemic: The Second Supplement to the 2020 Findings from the Diary of Consumer Payment Choice.](#)" Federal Reserve Bank of San Francisco Cash FedNotes.

Foster, Kevin, and Claire Greene. 2021. "[Consumer behavior in a health crisis: What happened with cash?](#)" Federal Reserve Bank of Atlanta Policy Hub.

Foster, Kevin, Claire Greene, and Joanna Stavins. 2021. "[The 2020 Survey of Consumer Payment Choice: Summary Results.](#)" Federal Reserve Bank of Atlanta Research Data Report 20–3.

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Greene, Claire, and Joanna Stavins. 2021. "[The 2020 Diary of Consumer Payment Choice.](#)" Federal Reserve Bank of Atlanta Research Data Report 20-4.

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Kim, Laura, Raynil Kumar, and Shaun O'Brien. 2020. "[2020 Findings from the Diary of Consumer Payment Choice.](#)" Federal Reserve Bank of San Francisco Cash FedNotes.

Kim, Laura, Raynil Kumar, and Shaun O'Brien. 2020. "[Consumer Payments & the COVID-19 Pandemic: A Supplement to the 2020 Findings from the Diary of Consumer Payment Choice.](#)" Federal Reserve Bank of San Francisco Cash FedNotes.

## DATA AND INFORMATION

[Survey and Diary of Consumer Payment Choice](#), Federal Reserve Bank of Atlanta, data, tables and reports for download.

[Running Essential Errands](#), Centers for Disease Control.

[U.S. Coin Task Force](#), #getcoinmoving

## UNDERSTANDING CORONAVIRUS IN AMERICA

The project described here relies on data from surveys administered by the [Understanding America Study](#) (UAS), which is maintained by the Center for Economic and Social Research at the University of Southern California (USC). The content of this paper is solely the responsibility of the authors and does not necessarily represent the official views of USC or UAS. The collection of the UAS COVID-19 tracking data is supported in part by the Bill & Melinda Gates Foundation and by grant U01AG054580 from the National Institute on Aging, and many others.