

Guidelines for the Use of Plastic Bags for Coin Deposits

Problem:

By March 2002, the US Mint will package coin only in bulk bags for distribution. Depository Institutions (DI's) and Armored Carriers (AC's) which re-use the small canvas coin bags in which Mint coin has traditionally been packaged will find this supply no longer available. Many institutions and carriers have expressed concern about the cost and availability of purchasing new canvas bags to make up for the quantity no longer supplied by the Mint.

Issues:

- Operating Circular 2 specifies that coin deposits must be packaged in small canvas bags.
- DI's and AC's are looking for a cost effective and operationally efficient alternative to canvas bags.
- Several DI's have inquired about using plastic bags for coin deposits.
- Some concerns associated with the use of plastic bags include: 1) bags breaking, 2) tampering; and 3) bags slipping when stacked. These concerns can be addressed through the establishment of uniform standards for plastic bags.

Background:

Following CAG's previous discussion of this issue, and building on the work of the Currency Deposit Method Review Workgroup charged with recommending improvements to the coin handling process, the CPO assessed the viability of accepting coin deposits in small plastic bags. It was determined that concerns such as bag durability can be addressed through the establishment of uniform standards for thickness, while concerns about slippage can be addressed by requiring that bags have an exterior coefficient of friction (COF) sufficient to prevent slipping of stacked bags.

Recommendation:

The Cash Product Office recommends that the System allow DI's the option of accepting coin deposits packaged in either plastic or canvas. The CPO has prepared the attached customer communication for Reserve Banks' use in communicating these new minimum standards to customers. Offices should review the attached letter, discuss the change with their coin terminal operators (particularly the areas of durability, stackability, and size) and communicate any concerns to the CPO by March 8, 2002.

To: The Depository Institutions and Armored Carriers

Historically, the Federal Reserve has required Depository Institutions (DI's) to package coin deposits in canvas bags. Recently, many institutions and armored carriers have requested authorization to package coin for deposit in plastic bags as well. The Federal Reserve has evaluated this proposal and established the minimum standards for coin deposits described below.

Beginning on (Date not later than April 1, 2002), the Federal Reserve Bank will accept coin deposits packaged in either traditional, standard canvas bags or in plastic bags which meet the following specifications:

Security:

- Must possess a tamper evident seal

Durability:

- Reinforced handle able to withstand hang test with 100+ lbs. load
- Minimum 6.5 mil gauge material
- Able to withstand 8 to 10, 6 foot drops while full of coin

Stackability

- Exterior coefficient of friction (COF) sufficient to prevent slipping of bags while stacked with other plastic and/or canvas bags

Size and Features:

- Size should approximate that of a standard canvas coin bag
- Fillible space should not exceed 13" by 19".
 - o Bag Handle should not exceed three inches, with total bag dimensions not to exceed 13" by 22".
- Bags may be either clear or tinted. If bag materials are colored, the color should not be opaque; contents must be clearly distinguishable through the packaging material.

Deposit Standards:

- Plastic bags of coin should contain the standard quantities of coin outlined in Operating Circular 2 (\$50 for pennies, \$200 for nickels, \$1000 for dimes, quarters, and half dollars; \$2000 for dollar coins)
- Each bag should be labeled on the end opposite the handle with a label, color coded according to ABA standards, showing denomination, dollar amount, depositor's name, ABA routing number and the four digit branch ID (if applicable) of the depositing office

Deposits of coin in plastic bags which meet these standards will be accepted beginning on April 1, 2002. Deposits of coin packaged in canvas bags will continue uninterrupted.

These changes will apply to all deposits of coin made to the Federal Reserve, regardless of whether coin is physically brought to the Branch or is received at an FRB-authorized coin terminal. The change will have no impact on where your deposits are accepted. (note: fully outsourced Districts/offices strike this sentence).

We hope that this new deposit option will be helpful to our customers. If you have any questions regarding this change, please contact The Federal Reserve Branch.

Sincerely,

Name of Cash Officer
Title