

## Federal Reserve Banks Plan to Adopt Standards for FedCash® Services

The Federal Reserve Banks have signaled their commitment to adopt global standards for supply chain logistics and package tracking in FedCash® Services by acquiring a company prefix number from GS1 US, a global supply chain standards organization. It will be a multi-year effort involving changes to our workflows and inventory control systems, as well as changes to the way we will interact with armored car companies and our customers.

### Cash Visibility



#### *Why is the Federal Reserve doing this?*

Doing this will enable the *entire cash supply chain* and the Reserve Banks to realize greater efficiencies and control. In today's cash supply chain, it can take up to six hours to transfer cash packages from an armored vehicle to a receiving vault simply because the hundreds of packages on the truck must be manually recorded and individually reconciled against a paper manifest as they change hands. Lacking advance knowledge of what is in a shipment or a specific package, inventory planning and workforce management can be a challenge. And when problems arise, researching paper records to resolve the problem can take days. These practices are inefficient, time-consuming, error-prone ... and **unnecessary**.

Decades ago, the retail, apparel and food service industries realized that they could reduce costs and errors by adopting standardized package identifiers like Universal Product Codes (U.P.C.) and electronic message formats to drive major efficiencies in their supply chains. More recently, a number of central banks in Europe have used the same standards for their cash supply chains and have realized benefits in terms of improved transparency, accountability, and efficiency.

The experience of these industries shows that the benefits of standards are not realized without broad adoption. As such, the Reserve Banks are working with leading financial institutions, armored car companies, merchants, and solution providers to collectively adopt the same open messaging and identifier standards these other industries have developed with the support of GS1<sup>1</sup>. This work is taking place under the banner of *Cash Visibility*.

#### *How will it work?*

The *Cash Visibility* vision is a cash supply chain without paper manifests or deposit tickets. Instead, all cash packages will have a globally unique barcode (or RFID tag) called an SSCC (for Serial Shipping Container Code) that can be scanned and automatically reconciled against an electronic shipping manifest (e-Manifest). Using the e-Manifest and these identifiers means that the "six-hour transfer process" noted earlier should take only one or two hours, making vault and delivery

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<sup>1</sup> GS1 is a global not-for-profit organization whose mission is to make supply chains more efficient by facilitating adoption of supply chain logistics standards. GS1 identification standards uniquely identify products, locations and assets, and data exchange standards then enable information capturing and sharing throughout the supply chain. For more information on GS1, visit [www.gs1us.org](http://www.gs1us.org).

personnel and equipment dramatically more efficient. Moreover, because the e-Manifest will include a globally unique identifier (Global Location Number, or GLN) for the shipper of each and every package, deposit tickets will be unnecessary, and accounting records will be more accurate. And if packages do go awry, searching electronic records will be more efficient and accurate, enabling faster resolution of exceptions. In addition, knowing where deposits are, when to expect them (and when credits are passed for them), and details about each deposit/shipment will aid tremendously in managing workflows and cash positions.

To realize this vision, the Federal Reserve Banks are working to implement the *Cash Visibility* standards. We have acquired a license for a GS1 US-issued GS1 Company Prefix, which is the root identifier we will be using to create our GLNs to identify all of our vaults. It is also the root identifier we will be asking our bag manufacturers to use to generate and print unique SSCCs on all of our shipping packages. In addition, we are beginning the multi-year effort to update our internal systems. Once completed, we will be able to scan packages and quickly account for every item coming into or going out of our operations.

#### *How can the cash industry get ready?*

As the Federal Reserve Banks get ready to implement our new systems, we will work with industry partners that adopt these standards as well. Eventually, we expect to be exchanging e-Manifests with all the armored carriers that deliver or pick up cash packages at our docks. We will also be working with our customers to help them start using SSCCs to identify the packages we send them and they send us. Like us, this will entail acquiring a license for a GS1-issued GS1 Company Prefix to create GLNs, using SSCCs on cash packages, and updating internal systems to reap the significant benefits of *Cash Visibility*.<sup>2</sup> Since this will be a multi-year process, the Fed will provide the cash industry with ongoing updates on *Cash Visibility* to help you stay informed and prepared for the future. Stay tuned for further communications on this important industry initiative.

For more information about *Cash Visibility* and how to get involved, please visit [www.gs1us.org/cashvisibility](http://www.gs1us.org/cashvisibility) and <https://www.frbervices.org/operations/currency/research.html>.

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<sup>2</sup> For small organizations that have fewer than 10 branches or other locations, the initial license fee for such an identifier could be as little as \$250, and up to \$10,500 for large organizations with more than 10,000 branches and proprietary ATMs.