Stability in a Crisis...

Cash & Customer Service

If events interfere with the supply of cash, the public and the economy may suffer. Although the events of September 11 didn't have as great an impact on cash operations as they did on checks, Don Doros, executive vice president, offered comments on the Philadelphia Fed's preparedness to meet a cash challenge.

"Late on the morning of September 11, we held discussions here at the Bank about how individual Reserve Banks were responding to events of that day. Since Philadelphia had no evidence of any threat to its operations, we remained open.

"Our customer service staff was kept busy answering phones. Most of our customers seemed to have two main questions: Were we open? Was extra cash available in the event that it was needed? The answer to both questions was yes. As it turned out, a few customers asked for special orders, to meet unusually heavy demand at ATMs. On subsequent days, we received no special orders. We also told customers that we would stay open longer than normal for pickup and delivery of cash. Our norm is 3 pm. But we have some latitude to accept and receive deposits later than that, and it would not be unusual for us to stay open until 6 pm or 7 pm to accept a deposit. Toward the weekend, we also announced that we would be open on Saturday for emergency orders."

Even in this age of payment cards, cash is still an important part of the economy. Banks need cash to meet daily demand, and ATMs must be kept stocked.

Donald F. Doros

Executive Vice President

Dealing with a Potential Problem

"One potential problem did surface. At one point, armored carriers said they would be pulling their trucks off the roads. This threat was troubling for at least a couple of reasons. For one thing, if a bank, in fact, needed currency, it would lack the means of getting it. Another factor involved banks' retail customers. Some retailers use armored carriers to directly pick up deposits. Plus many of these stores don't have the facilities to keep and adequately protect large amounts of cash.

"So you can see that not having armored trucks available would not only affect the relationship between the Fed and the banks it serves, but it would also disrupt the relationships between banks and their customers. We felt we had to address this situation.

"Requests for pickup or deposit of currency come to

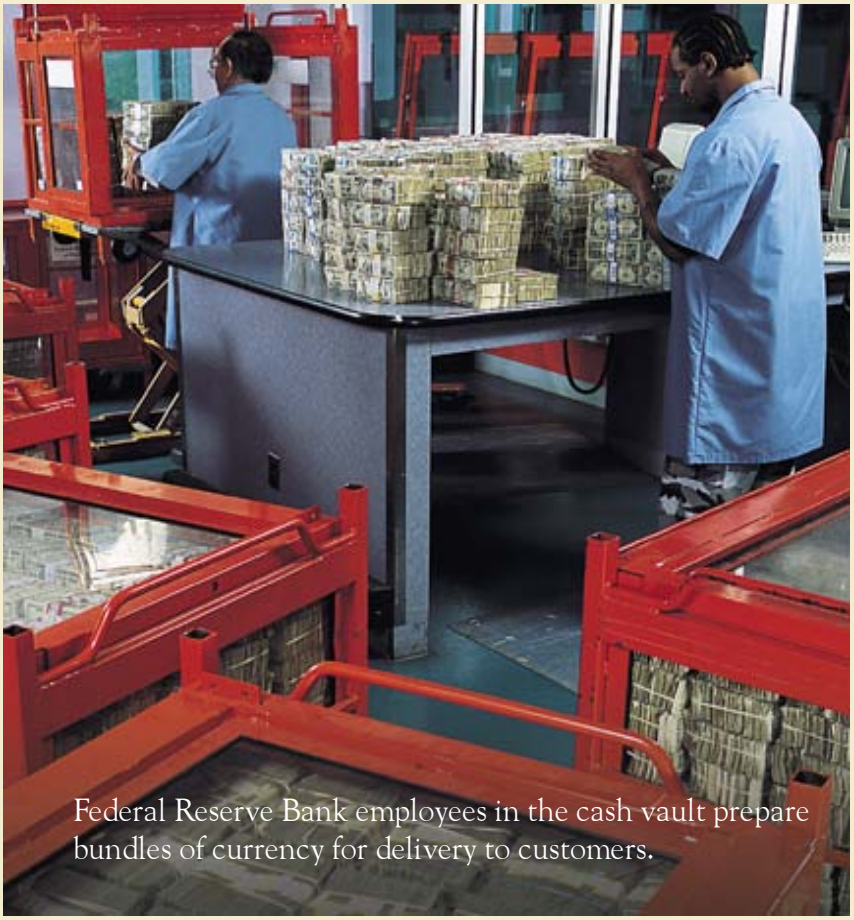
us directly from the armored carriers on behalf of the banks that have hired them. Consequently, we've developed a very close relationship with the various armored services.

"Because we've built this close relationship over the years, staff here at the Bank called local carriers directly and urged them to be responsive to their customers' needs. I'm happy to say that by mid-afternoon armored carriers were on the road, and luckily, this did not become a major complication."

WE'RE WELL PREPARED TO PROVIDE CASH SERVICES TO OUR CUSTOMERS IN AN EMERGENCY.

Maintaining Communication

"As events unfolded over the rest of the week, we kept up communications with our customers. Mostly, they wanted to know the status of Fedwire and check clearing. Another important part of the story is e-mail. Philadelphia is in the process of taking over monitoring the performance and supporting the infrastructure of e-mail for the Federal Reserve System. But, thus far, the transition is not complete. Nonetheless, we had our people on alert, and we had our back-up facility ready. The good news is that we did not need to use it. E-mail service was maintained and proved to be an effective means of communicating throughout the Federal Reserve System as it did throughout the country. So, for that portion of the e-mail system we're already managing, we did well."



Federal Reserve Bank employees in the cash vault prepare bundles of currency for delivery to customers.

Reviewing Procedures

"Of course, the events of September 11 have caused the Federal Reserve System to review its contingency plans. Although the System has a considerable amount of contingency plans already, we now have to make sure they're adequate for these new circumstances.

"I think the message in all of this is that we're well prepared to provide cash services to our customers in an emergency. Our operations stayed open, and we were in close contact with our customers. And even though there were no extraordinary demands for currency, had there been, be assured that we would have been able to meet them."