



BANK OF CANADA
BANQUE DU CANADA

The Currency Journey: How Your Money Travels

That \$5 bill you used to buy your morning coffee is quite the frequent flyer! It left your wallet in Ontario, and not a minute later was in the hands of an Albertan in town on business. By the afternoon it became a tip for a taxi fare out of Calgary International Airport.

And that's just from three cash transactions. Your coffee shop \$5 could criss-cross the country several times in its lifespan. From this glimpse into the life of one \$5, can you imagine all the to and fro involved with nearly 1.5 billion bills? That's how many Canadian bank notes are out there!

So, how exactly does that cash get to your local bank, into the ATM, or into the till at your nearest convenience store?

Distribution

The Bank of Canada works with Canada's financial institutions to monitor this traffic and ensure that there's enough cash to go around.

Basically, it works like this: the Bank provides financial institutions with new notes and previously used notes that are still in good condition (known as 'fit' notes). The financial institutions then manage their cash supply to meet the demand from their clients.

If a financial institution has too many \$10s and too few \$20s, it can actually swap with another through a system managed by the Bank of Canada called the Bank Note Distribution System. This cuts down on transportation costs because notes can be exchanged within the same region and don't have to needlessly travel across the country.

Along the way, these banks make sure that only 'fit' notes are provided for use in ATMs and cash drawers. The guideline is clear: notes of poor quality (known as 'unfit') are returned to the Bank of Canada and destroyed.

(see over)

Approximate Lifespan of a Bank Note

\$5 – 1 to 2 years
\$10 – 1 to 2 years
\$20 – 2 to 4 years
\$50 – 4 to 6 years
\$100 – 7 to 9 years

It is at the Bank of Canada where older series notes and notes that are worn, taped or scribbled with someone's 'to-do' list end their life cycle and head to the shredder.

When it comes to counterfeits, they get sorted out and sent to the RCMP forensic laboratory. Funny money has no place in Canadians' pockets.

All in all, the Bank of Canada issued about 400 million new notes last year to replace those that were destroyed.

Replace It

So if a bill comes your way and it looks like a weary traveller, rest assured financial institutions will put an end to its journey and replace it with a newer one. The Bank of Canada only wants good quality notes out there because Canadians expect first rate notes that they know are real and can use with confidence.

If you're not sure if it's real or not, take it to your local police.

But change is coming. Polymer notes are coming to a bank near you late in 2011. Canada's new polymer notes will last two to three times longer than paper notes. They'll be more durable and able to criss-cross the country that many more times! Longer journeys mean fewer replacement notes and a cost savings for taxpayers. Now who doesn't like the sound of that?

For more information and free training tools:
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