

CORONAVIRUS

Don't hoard cash, state bankers warn

By Aldo Svaldi

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Coloradans have stocked up on food and toilet paper as they hunker down to avoid the novel coronavirus, but they shouldn't do the same with cash, the Colorado Bankers Association is urging.

"When a crisis occurs, every consumer should know their bank is prepared, their deposits are safe and they will have continued access to their funds," CBA president Jennifer Waller said in a media advisory Wednesday. "Banks have more than enough resources to go around."

Colorado consumers aren't draining banks and ATMs of cash, said CBA spokeswoman Amanda Averch. But last week, some New York City banks were nearly drained of \$100 bills, although not smaller denominations. The CBA is trying to get ahead of what may become a stronger urge to build up cash in hand as the stock market craters and movements become more restricted by asking people now to avoid making any large and unnecessary withdrawals.

"As the nation's central bank, a part of the Federal Reserve's normal operating procedures is to have adequate reserves of currency on hand to meet the needs of financial institutions. This is an important way that we continue to support both local communities and the national economy," said Nick Sly, Denver branch executive for the Federal Reserve Bank of Kansas City.

The FDIC also weighed in Wednesday, reminding bank customers that no insured account has lost money since it was created in response to the devastating bank runs that took place during the Great Depression.

"Since 1933, no depositor has ever lost a penny of FDIC-insured funds. Today, the FDIC insures up to \$250,000 per depositor per FDIC-insured bank. An FDIC-insured account is the safest place for consumers to keep their money," the FDIC said in a news release issued Wednesday afternoon.

Ahead of what many feared would be a Y2K meltdown that crashed the banking system, consumers stockpiled cash in late 1999 and the Federal Reserve Bank established large currency depots to replenish the system just in case. Some people also pulled out cash following the Sept. 11, 2001, terrorist attacks and during the financial crisis in the fall of 2008, when the whole financial system was teetering.

But there's a problem with holding extra cash this time around that didn't exist in those other crises.

Currency and coins could bring the corona-virus right into the wallets, purses and hands of people stockpiling. A single dollar bill can be home to as many as 3,000 different pathogens and may have changed hands upward of thousands of times, the CBA warned.

Nick Maynard, analyst at Juniper Research, told ATM Marketplace that in China and South Korea consumers were trying to disinfect their money, and some even ended up burning bills in an attempt to avoid the virus.

Banks and credit unions struggle with the notion that they may be contributing to the spread of the virus and are urging consumers to use credit and debit cards, which the CBA said can be “easily sanitized using alcohol-based antibacterial wipes or a wet, soapy cloth.”

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