

Understanding Cash Handling Operations in a Bank Branch



Cash handling is one of the most critical operations in any bank branch, ensuring the smooth flow of funds to support day-to-day customer transactions. Here's a simplified overview of how cash is managed within a branch:

Step 1: Receiving and Securing Cash

Cash is received in the branch either from the central bank or a designated currency chest. Once received, it is stored securely in the branch's main vault, which is typically managed by the Chief Cashier or Head Teller. The receipt of cash is recorded in the core banking system (CBS), which increases the branch's cash-on-hand balance.

Step 2: Allocation of Cash to Tellers

Cash is distributed to the tellers for servicing customers—whether for withdrawals, deposits, or currency exchange. Tellers raise a request for cash in the CBS, which is fulfilled by the chief cashier. When cash is transferred to the teller, the vault balance decreases and the teller's cash drawer balance increases. Importantly, the overall branch cash-on-hand remains unchanged, as the cash is only moving within the branch.

Step 3: Daily Teller Transactions

Throughout the day, tellers perform various cash transactions—deposits, withdrawals, and exchanges—based on customer needs. A cash deposit increases the vault or teller balance, while a withdrawal decreases it. These changes directly affect the cash available at teller cash drawer and in the branch vault but again do not impact the total cash-on-hand of the branch unless cash is physically moved in or out of the branch.

Step 4: End-of-Day Reconciliation

At the end of the day, each teller performs a reconciliation by matching the physical cash in their drawer with the balance shown in the system. In rare events , In case of any discrepancies, appropriate adjustments are made after due diligence.

Step 5: Closing Balances and Vault Transfer

Tellers return the remaining cash to the vault or chief cashier and close their cash drawers. In certain cases, a small amount may be retained in the drawer overnight, within approved limits. The vault balance is updated accordingly, while the teller's drawer balance is reduced to reflect the transfer.



Rajesh Jhanwar
Business Analyst, Product Specialist,
Core Banking Platforms