

Why are some banknotes hot commodities for collectors?

By Sheldon H. Jacobson

Tax Day has now passed, and people have money on their minds.

You may have read news reports that people should not spend certain banknotes because they may be worth thousands of dollars, far more than their face value. Before anyone opens their wallet to use their newfound wealth to book a luxury cruise or make a down payment on a new SUV, I will examine this issue and determine whether such claims are true. For simplicity, my analysis focuses entirely on \$1 banknotes, though a similar analysis could be taken for other denominations.

Banknotes are printed in two locations — Washington and Fort Worth, Texas — by the United States Bureau of Engraving and Printing. They are distributed via 12 Federal Reserve banks, each assigned a letter on banknotes (Boston is A, New York is B and so forth). In addition, each banknote also has a unique eight-digit serial number, ranging from 00000001 to 96000000. It is with these serial numbers that the potential value beyond face can be realized.

Collectors avidly seek such banknotes with unusual serial numbers, labeled as “fancy.” Some of the most sought-after serial



The government typically funds itself by issuing debt in the form of financial securities called bonds and bills. **ADAM PEREZ/THE NEW YORK TIMES**

numbers are full solids, such as 33333333, or ascending ladders, such as 12345678. Numbers that are very small, like those at or under 00000099 (with six leading zeros), or better yet, at or under 00000009, are also highly valued by collectors. If you had one such banknote in your wallet, collectors are apt to pay you hundreds, and in some cases, thousands of dollars for it.

However, the issue that makes it highly unlikely to have such a banknote in your wallet is that such serial numbers are exceed-

ingly rare. There are just eight full solid banknotes in a full run of 96 million, or 1 in 12 million. Ladders are even rarer, with just six such instances, counting backward and forward ladders and beginning or ending with either 0, 1 or 2.

The other issue that determines a banknote's value is its condition. By definition, a banknote that you find in your wallet is circulated. Every time a banknote is printed and gets placed into circulation, it gets folded and loses its crispness. Every fold reduces the value of

the banknote to a collector and the amount they are willing to pay for it.

Then there is the issue of whether any of the rarest banknotes even get put into circulation or whether they have been sold directly to banknote dealers or pulled as specimens for display. Clearly, it is highly unlikely to find something in circulation that was never circulated.

It is in the Bureau of Engraving and Printing's best interest to not allow such sought-after notes to get placed into circulation. Otherwise, they are producing banknotes that immediately have a premium value beyond face.

Value is determined by supply and demand. Supply is determined by the number of banknotes available and their condition. Demand is determined by what collectors want and the number of such collectors. The laws of economics ultimately determine prices.

In general, as the frequency of a serial number combination increases, its value goes down. For example, a banknote with seven of the same number in a row occurs 168 times in a set of 96 million banknotes, or around 1 in every 500,000. It, too, is sought after, but the price that it may yield may be just a few hundred dollars if the bill is in crisp uncirculated condi-

tion, something that you are highly unlikely to find in your wallet.

The takeaway from this analysis is that news reports of thousands of dollars sitting in your wallet is optimistic at best, and more accurately misleading.

If you wish to add finding “fancy” serial notes to your list of hobbies, experiencing joy in the search should be your objective, not looking to replace your retirement account, or during this time of year, paying your taxes.

That is not to say that some people do not make some income in buying and selling such banknotes on sites such as eBay and Whatnot. However, any illusions of amassing great wealth from such endeavors should be quickly dismissed.

There do exist highly sought after and valuable banknotes printed by the Bureau of Engraving and Printing. Some even get into circulation, like seven of the same number in a row. However, the likelihood of finding such notes in your wallet is exceedingly low.

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