

# What's in your wallet?!

Lara Pudwell

Valparaiso University

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# 1 The Coin Keeper

## 2 The Simple Spender

## 3 The Gamblers

## 4 The Small Spender

## 5 The Whole Shebang

## 6 ...and More Fun

# The Coin Keeper



What percentage of coins in the jar are pennies?

# Assumptions...

- 1 The fractional parts of prices are distributed uniformly between 0 and 99 cents.

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- 1 The fractional parts of prices are distributed uniformly between 0 and 99 cents.
- 2 Cashiers give change in a predictable way.

# Making change

Make change for....

- 4 cents:

# Making change

Make change for....

• 4 cents:





# Making change

Make change for....

- 4 cents:



- 6 cents:

# Making change

Make change for....

- 4 cents:



- 6 cents:




or



# Making change

Make change for....

- 4 cents: 

- 6 cents: 



or 





- 41 cents:

# Making change

Make change for....

• 4 cents: 

• 6 cents:   
or 

• 41 cents:   
or   
or   
or   
or.... (27 other ways)

# That's greedy!

How to give  $c$  cents in change:

- 1 Give  $q$  quarters where  $25q \leq c < 25(q + 1)$ .
- 2 Give  $d$  dimes where  $10d \leq c - 25q < 10(d + 1)$ .
- 3 Give  $n$  nickels where  $5n \leq c - 25q - 10d < 5(n + 1)$ .
- 4 Give  $p$  pennies where  $p = c - 25q - 10d - 5n$ .

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Example: 47 cents:

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Example: 47 cents:



Is this really the most efficient way to make change?

## In another world...

Make change for 6 cents using 1-cent, 3-cent, and 4-cent coins,....

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vs.

Most efficient:  $3 + 3 = 6$

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Greedy:  $4 + 1 + 1 = 6$

vs.

Most efficient:  $3 + 3 = 6$

But sometimes greedy *is* best!

David Pearson, A polynomial-time algorithm for the change-making problem, *Operations Research Letters* **33** (2005), 231-234.

# The Coin Keeper



Change from...

- \$1.00 is nothing
- \$0.99 is 1 penny
- ⋮
- \$0.76 is 2 dimes, 4 pennies
- ⋮

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Change from all 100 transactions is

- 150 quarters (31.9%)
- 80 dimes (17%)
- 40 nickels (8.5%)
- 200 pennies (42.6%)



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except when he spends \$5.20 cash on a latte.  
What does his wallet look like?



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Start: 0 cents



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Start: 0 cents

Then:  $100 - 20 = 80$  cents



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Start: 0 cents

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Then:  $80 - 20 = 60$  cents

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Start: 0 cents

Then:  $100 - 20 = 80$  cents

Then:  $80 - 20 = 60$  cents

Then:  $60 - 20 = 40$  cents

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except when he spends \$5.20 cash on a latte.  
What does his wallet look like?



Start: 0 cents

Then:  $100 - 20 = 80$  cents

Then:  $80 - 20 = 60$  cents

Then:  $60 - 20 = 40$  cents

Then:  $40 - 20 = 20$  cents

# The simple spender

Eric usually uses his debit card...  
except when he spends \$5.20 cash on a latte.  
What does his wallet look like?



Start: 0 cents  
Then:  $100 - 20 = 80$  cents  
Then:  $80 - 20 = 60$  cents  
Then:  $60 - 20 = 40$  cents  
Then:  $40 - 20 = 20$  cents  
Then:  $20 - 20 = 0$  cents  
...and repeat!



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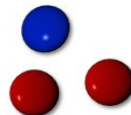
6 ...and More Fun

On the planet *Markovia*, coins aren't for spending money.  
They change colors and they're for playing the lottery.

- Original coin has a 50% chance of being red, 50% chance of being blue.
- For every round of the lottery,
  - ▶ 1/3 of red coins turn blue.
  - ▶ 3/4 of blue coins turn red.
  - ▶ After 10 rounds, all the players with blue coins share the prize.

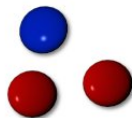
Shorthand:

	<i>red</i>	<i>blue</i>
<i>start</i>	$\frac{1}{2}$	$\frac{1}{2}$
<i>red</i>	$\frac{2}{3}$	$\frac{1}{3}$
<i>blue</i>	$\frac{3}{4}$	$\frac{1}{4}$



Shorthand:

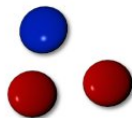
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Question: If I have a blue coin now, what's the probability that it will be red in the next round, and blue in the round after that?

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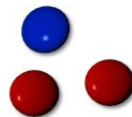


Question: If I have a blue coin now, what's the probability that it will be red in the next round, and blue in the round after that?

Answer:  $\frac{3}{4} \cdot \frac{1}{3} = \frac{1}{4} = 0.25$

Shorthand:

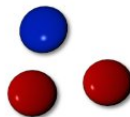
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Question: What is the probability of starting with a blue coin and having it stay blue for all 10 rounds?

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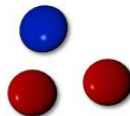


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Answer:  $\frac{1}{2} \cdot \left(\frac{1}{4}\right)^{10} = \frac{1}{2097152} \approx .0000004768371582$

Shorthand:

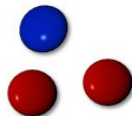
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Question: If I play the lottery, what's the probability that I'll have a blue coin at the end of 10 rounds?

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Question: If I play the lottery, what's the probability that I'll have a blue coin at the end of 10 rounds?

Answer: Markov chains!



Initial state vector:  $v^{(0)} = \left( \frac{1}{2} \quad \frac{1}{2} \right)$

Transition probability matrix:  $P = \begin{pmatrix} 2/3 & 1/3 \\ 3/4 & 1/4 \end{pmatrix}$

$v^{(i)}$  = probability vector after  $i$  steps =  $v^{(0)} P^i$ .

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$$\begin{aligned} v^{(1)} &= \left( \left( \frac{1}{2} \cdot \frac{2}{3} + \frac{1}{2} \cdot \frac{3}{4} \right) \quad \left( \frac{1}{2} \cdot \frac{1}{3} + \frac{1}{2} \cdot \frac{1}{4} \right) \right) \\ &= \left( \frac{17}{24} \quad \frac{7}{24} \right) \approx \left( 0.7083 \quad 0.2917 \right) \end{aligned}$$

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and

$$v^{(10)} = v^{(0)}P^{10} \approx \left( 0.6923 \quad 0.3077 \right)$$

After 10 rounds, you have a 30.77% chance of winning the Markovian lottery!

## Markov chain behaviors:

- 1 *absorbing* – there are states where you can get stuck for forever.
- 2 *cyclic* – there exist some states where you cycle between them for forever.
- 3 *regular* – for some positive integer  $n$ ,  $P^n$  has no zero entries.

Markov chain behaviors:

- ① *absorbing* – there are states where you can get stuck for forever.
- ② *cyclic* – there exist some states where you cycle between them for forever.
- ③ *regular* – for some positive integer  $n$ ,  $P^n$  has no zero entries.

The Markovian lottery is *regular*.

Question: What if we played the Markovian lottery for infinitely many rounds?

## For regular Markov chains

- Have transition probability matrix  $P$ .
- Want long term probability vector  $L$  of ending up in each state.

Big idea:  $LP = L$  (and the entries in  $L$  sum to 1.)

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Solve:

- $2/3p_r + 3/4p_b = p_r$
- $1/3p_r + 1/4p_b = p_b$
- $p_r + p_b = 1$

$$p_r = \frac{9}{13} \approx 0.6923, p_b = \frac{4}{13} \approx 0.3077$$

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# Markov chains for coins

In the land of *simplicity* there are 25-cent and 50-cent coins.  
All prices end in 0, 25, 50, or 75 cents.

Possible wallet states?

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Possible wallet states?

- (empty)
- 25
- 50
- 25, 25
- 50, 25
- 25, 25, 25

## Simplicity wallet states

(empty), (25), (50), (25, 25), (50, 25), (25, 25, 25)

$$P = \begin{pmatrix} 1/4 & 1/4 & 1/4 & 0 & 1/4 & 0 \\ 1/4 & 1/4 & 0 & 1/4 & 1/4 & 0 \\ 1/4 & 1/4 & 1/4 & 0 & 1/4 & 0 \\ 1/4 & 1/4 & 0 & 1/4 & 0 & 1/4 \\ 1/4 & 1/4 & 1/4 & 0 & 1/4 & 0 \\ 1/4 & 1/4 & 0 & 1/4 & 0 & 1/4 \end{pmatrix}$$

## Simplicity in the long run

We want:  $L = \begin{bmatrix} p_{(\text{empty})} & p_{(25)} & p_{(50)} & p_{(25,25)} & p_{(50,25)} & p_{(25,25,25)} \end{bmatrix}$

Setup:  $LP = L$

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$$\begin{array}{rclcl}
 \frac{P(empty)}{4} + \frac{P(25)}{4} & + \frac{P(50)}{4} + \frac{P(25,25)}{4} & + \frac{P(50,25)}{4} + \frac{P(25,25,25)}{4} & & = p_{(empty)} \\
 \frac{P(empty)}{4} + \frac{P(25)}{4} & + \frac{P(50)}{4} + \frac{P(25,25)}{4} & + \frac{P(50,25)}{4} + \frac{P(25,25,25)}{4} & & = p_{(25)} \\
 \frac{P(empty)}{4} & + \frac{P(50)}{4} & + \frac{P(50,25)}{4} & & = p_{(50)} \\
 & \frac{P(25)}{4} & + \frac{P(25,25)}{4} & + \frac{P(25,25,25)}{4} & = p_{(25,25)} \\
 \frac{P(empty)}{4} + \frac{P(25)}{4} & + \frac{P(50)}{4} & + \frac{P(50,25)}{4} & & = p_{(50,25)} \\
 & & \frac{P(25,25)}{4} & + \frac{P(25,25,25)}{4} & = p_{(25,25,25)} \\
 P(empty) + P(25) & + P(50) + P(25,25) & + P(50,25) + P(25,25,25) & & = 1
 \end{array}$$

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 & & \frac{P(25,25)}{4} & + \frac{P(25,25,25)}{4} & = p_{(25,25,25)} \\
 P(empty) + P(25) & + P(50) + P(25,25) & + P(50,25) + P(25,25,25) & & = 1
 \end{array}$$

Solve to get:  $\begin{bmatrix} \frac{1}{4} & \frac{1}{4} & \frac{5}{32} & \frac{3}{32} & \frac{7}{32} & \frac{1}{32} \end{bmatrix}$

or  $\begin{bmatrix} 0.25 & 0.25 & 0.15625 & 0.09375 & 0.21875 & 0.03125 \end{bmatrix}$



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- 4 If a spender has sufficient change, he or she makes their purchase by over-paying as little as possible (and receives change if necessary).
- 5 If there are multiple ways to overpay as little as possible, the spender favors spending a bigger coin over a smaller coin.

# What's (the most) in your wallet?

- If you have at most 99 cents before a transaction, you'll have at most 99 cents after.
  - ▶ Case 1: ( $\text{price} \leq \text{wallet}$ ):  
You pay, and have less money in your wallet.

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  - ▶ Case 1: ( $\text{price} \leq \text{wallet}$ ):  
You pay, and have less money in your wallet.
  - ▶ Case 2: ( $\text{price} > \text{wallet}$ ):  
You get  $(100 - p)$  in change, and end up with  $(100 - p) + w = 100 - (p - w) < 100$ .

# Is this Markov chain regular?



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Yes!

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To get from any wallet to the empty wallet, imagine you have exact change.

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To get from any wallet to the empty wallet, imagine you have exact change.

To get from empty wallet to  $\{p \text{ pennies}, n \text{ nickels}, d \text{ dimes}, q \text{ quarters}\}$ , imagine:

- $q$  75 cent charges
- $d$  90 cent charges
- $n$  95 cent charges
- $p$  99 cent charges

# Counting states

Known: Must have at most 99 cents. In other words, at most...

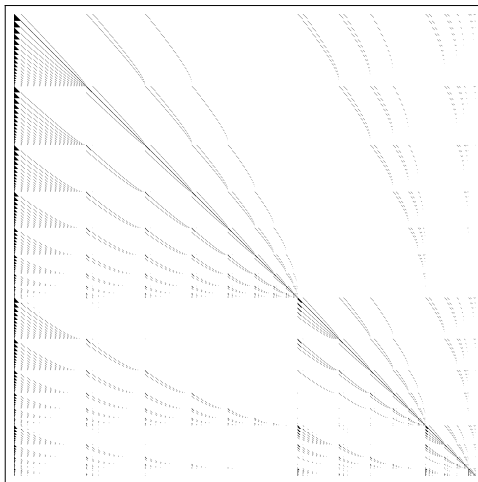
- 99 pennies
- 19 nickels
- 9 dimes
- 3 quarters

$100 \times 20 \times 10 \times 4 = 80,000$  possible states.

... but that's overkill.

There are **6720** combinations of coins with at most 99 cents.

# That's one big matrix...



Goal: Find the dominant eigenvector  $L$ : ( $LP = L$ )

## 25 CPU hours later...

Wallet state	$p_{\text{state}}$	Wallet state	$p_{\text{state}}$
0 pennies	.01000	{25, 1, 1, 1}	.00453
1 penny	.01000	{5, 1, 1, 1}	.00448
2 pennies	.01000	{10, 5, 1, 1, 1, 1}	.00439
3 pennies	.01000	{25, 1, 1}	.00429
4 pennies	.01000	{10, 1, 1, 1}	.00420
5 pennies	.00813	{10, 1, 1, 1, 1, 1}	.00414
6 pennies	.00732	{25, 1}	.00405
7 pennies	.00644	{10, 1, 1, 1, 1, 1, 1}	.00391
8 pennies	.00551	{25}	.00379
{5, 1, 1, 1, 1}	.00543	{10, 5, 1, 1, 1, 1, 1, 1}	.00377
{25, 1, 1, 1, 1}	.00475	{25, 1, 1, 1, 1, 1}	.00376
{10, 1, 1, 1, 1}	.00467	{10, 5, 1, 1, 1, 1, 1}	.00375
9 pennies	.00456	{5, 1, 1, 1, 1, 1, 1}	.00374

## In case you were wondering...

- Expected number of coins in your wallet: 10.04
  - ▶ Expected number of quarters: 1.06 (10.6%)
  - ▶ Expected number of dimes: 1.15 (11.4%)
  - ▶ Expected number of nickels: 0.91 (9.1%)
  - ▶ Expected number of pennies: 6.92 (68.9%)

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  - ▶ Expected number of pennies: 6.92 (68.9%)
- Probability of empty wallet: 0.01
- Probability of having at least one nickel: 0.58085
- Probability of having at least one penny: 0.95975
- Probability of having only pennies (and a non-empty wallet): 0.08430
- Probability of being able to pay any price with exact change: 0.00831



- 1 The Coin Keeper
- 2 The Simple Spender
- 3 The Gamblers
- 4 The Small Spender
- 5 The Whole Shebang
- 6 ...and More Fun**

# And that's not all!

Some (common?) variations

- The pennyless purchaser
- The quarter hoarder
- The pennies-first spender
- The Shallit currency

## And that's not all!

Some (common?) variations

- The pennyless purchaser (5, 10, and 25-cent pieces)
- The quarter hoarder (1, 5, and 10-cent pieces)
- The pennies-first spender (1, 5, 10, and 25-cent pieces)
- The Shallit currency (1, 5, 18, and 25-cent pieces)

# And that's not all!

## Some (common?) variations

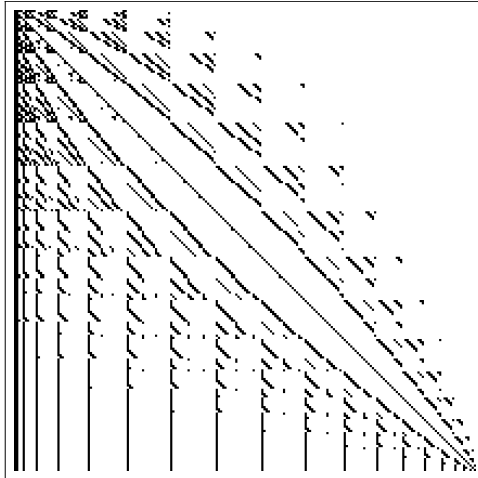
- The pennyless purchaser (5, 10, and 25-cent pieces) [▶ Go](#)
- The quarter hoarder (1, 5, and 10-cent pieces) [▶ Go](#)
- The pennies-first spender (1, 5, 10, and 25-cent pieces) [▶ Go](#)
- The Shallit currency (1, 5, 18, and 25-cent pieces) [▶ Go](#)

Jeffrey Shallit, What this country needs is an 18¢ piece, *The Mathematical Intelligencer* **25** (2003) 20–23.

[▶ Go](#)

# Pennyless purchaser

213 states



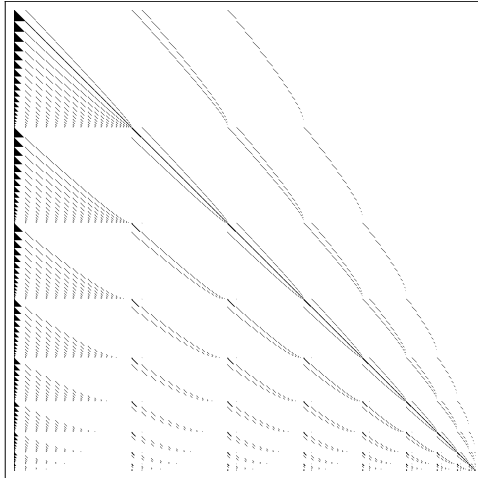
## Pennyless purchaser results

Wallet state	$p_{pp}$	Wallet state	$p_{pp}$
$\{\}$	.05000	14 nickels	$1.29 \times 10^{-11}$
$\{5\}$	.05000	2 dimes and 15 nickels	$3.37 \times 10^{-12}$
$\{10, 5\}$	.03916	1 dime and 15 nickels	$2.28 \times 10^{-12}$
$\{25, 10, 5\}$	.03093	15 nickels	$9.90 \times 10^{-13}$
$\{25, 5\}$	.02847	1 dime and 16 nickels	$1.76 \times 10^{-13}$
$\{10, 5, 5\}$	.02731	16 nickels	$6.23 \times 10^{-14}$
$\{25, 25, 10, 5\}$	.02625	1 dime and 17 nickels	$1.27 \times 10^{-14}$
$\{5, 5\}$	.02536	17 nickels	$3.96 \times 10^{-15}$
$\{10\}$	.02463	18 nickels	$2.09 \times 10^{-16}$
$\{25, 10, 5, 5\}$	.02417	19 nickels	$1.10 \times 10^{-17}$

► Go

# Quarter hoarder

4125 states



## Quarter hoarder results

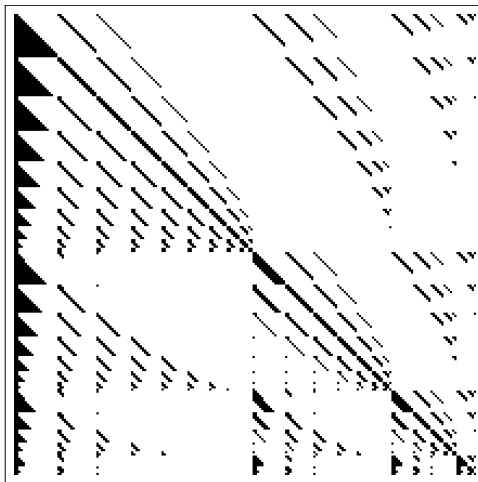
Wallet state	$p_{qh}$	Wallet state	$p_{qh}$
{1, 1, 1, 1}	.01164	10 pennies	.00713
{1, 1, 1}	.01129	{10,5,1,1,1,1,1,1,1}	.00651
{1, 1}	.01095	{10, 5, 1, 1, 1, 1, 1, 1, 1}	.00642
5 pennies	.01084	11 pennies	.00638
{1}	.01062	{10, 5, 1, 1, 1, 1, 1, 1, 1, 1}	.00637
6 pennies	.01039	{10, 5, 1, 1, 1, 1, 1, 1}	.00614
{}	.01030	{10, 5, 1, 1, 1, 1, 1}	.00569
7 pennies	.00984	12 pennies	.00564
8 pennies	.00919	{10, 5, 1, 1, 1, 1}	.00549
9 pennies	.00844	{10, 1, 1, 1, 1, 1, 1}	.00523

► Go



# Pennies-first spender

1065 states



## Pennies-first results

Expected pennies-first coins in your wallet: 5.74

- Expected quarters: 1.12
- Expected dimes: 1.27
- Expected nickels: 1.35
- Expected pennies: 2.00

Expected number of coins in your wallet: 10.04

- Expected quarters: 1.06
- Expected dimes: 1.15
- Expected nickels: 0.91
- Expected pennies: 6.92

► Go

## The Shallit currency

Idea: replacing a dime with an 18-cent coin minimizes coins used per transaction

Two catches:

- Greedy algorithm isn't always best!

Example: 28 cents

Greedy:  $25+1+1+1$

Efficient:  $18+5+5$

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Example: 77 cents

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$18 + 18 + 18 + 18 + 5 = 77$

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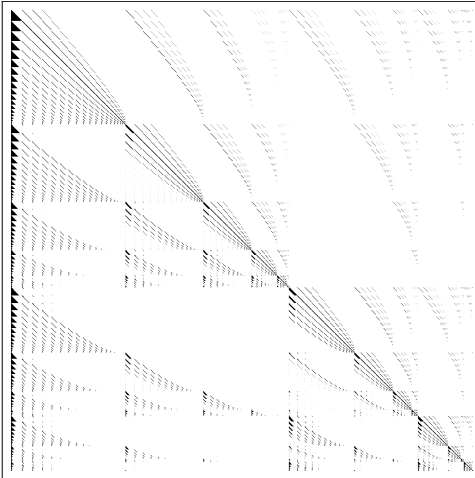
$18 + 18 + 18 + 18 + 5 = 77$

Assumptions:

- Spenders: still break ties by using bigger coins.
- Cashiers: break ties by using each “best” change equally often.

# The Shallit currency

4238 states



## Shallit currency results

Expected Shallit coins in your wallet:  
8.63

- Expected quarters: 0.66
- Expected 18-cents: 0.98
- Expected nickels: 2.10
- Expected pennies: 4.89

Expected number of coins in your  
wallet: 10.04

- Expected quarters: 1.06
- Expected dimes: 1.15
- Expected nickels: 0.91
- Expected pennies: 6.92

► Go

## Cashing in...

*I sometimes think that the best way to change the public attitude to math would be to stick a red label on everything that uses mathematics. "Math inside." There would be a label on every computer, of course, and I suppose if we were to take the idea literally, we ought to slap one on every math teacher. But we should also place a red math sticker on every airline ticket, every telephone, every car, every airplane, every traffic light, every vegetable...*

*(Ian Stewart, Letters to a Young Mathematician)*



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## More details at...

- L. Pudwell and E. Rowland, What's in your wallet?, *The Mathematical Intelligencer* **37.4** (2015), 54–60.
- E. Lamb, Mathematicians Predict What's in Your Wallet, Roots of Unity Blog, 20 June 2013,  
<https://blogs.scientificamerican.com/roots-of-unity/mathematicians-predict-whats-in-your-wallet/>.
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# Thanks for listening!