

Make self-service more powerful with cash recycling

Start cash recycling with NCR

An NCR briefing document

The case for choosing an integrated cash recycling solution

For all the talk of a cashless society through mobile payments and contactless cards, banknotes and coins aren't going anywhere. Trusted, symbolic and easy to use, cash remains a valid and preferred payment form all over the world. For financial institutions, this attachment to cash is something of a double-edged sword. Drawing cash from ATMs or human tellers is one of the most common ways in which customers interact with their bank, which makes effective cash management a priority. But that customer interaction comes with its own challenges, not least the costs of keeping cash in circulation.

Technology developments such as cash recyclers and intelligent cash handling equipment can provide a solution to this problem. But as detailed in this paper, it is only a partial solution. Further changes to processes and procedures are necessary for financial institutions to drive even greater efficiencies into their cash management operations.

In the following pages, you will see how an integrated service, consisting of cash recycling hardware, cash management software and effective modeling of individual branch effectiveness, can help financial institutions achieve significant savings through advanced cash planning. Furthermore, by adopting these technologies and advisory services as an integrated solution, financial institutions can make more effective use of their ATM networks, branches, staff expertise, and direct customer engagements. In doing so, you can optimize your operations so that more attention, innovation and effort can be focused on delivering strategic goals.

1. An integrated cash recycling solution

Around the world, financial institutions have already started to see the benefits of deploying cash recycling technologies within their ATM networks. Many have also adopted cash management software, either alone or in conjunction with cash recycling programs, to derive greater insight into their cash planning operations.

Cash recycling technology

The first element of the Integrated cash recycling solution is the hardware. Cash recyclers act as an enabler to help financial institutions achieve their core objectives. They offer a direct route to improving profitability, reducing costs, and improving the customer experience, while underpinned by enhanced security.

By automating the cash handling process, recyclers enable financial institutions to reduce the time and resources spent on counting, re-counting, transporting and managing cash, and on troubleshooting problems associated with under or over stocking ATMs.

In doing so, recyclers can have a transformative effect on branches, enabling them to directly manage cash re-circulation safely, securely and in compliance with the applicable regulations and central bank directives.



“Cash recycling performs best when paired with a solid cash supply chain management strategy and capability to maximize the value of the technology.”

— James Trocme, Citi Bank's former Global Retail Bank Senior Vice President for ATM Channel Management

The advantages of using cash recyclers can be divided into three clear areas:



- **Greater customer experience.** Customers have quicker access to withdrawal and deposit services, while business customers can re-bank their cash efficiently and quickly. At the same time, branch staff has more time to focus on engaging customers and improving valuable services because they spend less time on filling and monitoring ATMs.



- **Greater benefits.** Cash recycling lowers cash handling costs as well as reducing the amount of 'idle' cash. Automatic cash recycling reduces reliance on CiT services and allows branch staff to focus more of their efforts on revenue-generating activity and increasing sales and less on the mundane tasks of adding cash to ATMs. Cash recycling plays an important role in ensuring the all-important availability of ATMs.



- **Enhanced security.** All of this is underpinned by a greater level of security around cash management operations. With less human interaction with physical cash, there are fewer opportunities for mistakes to be made, and less potential cash reconciliation errors from infrequent ATM balancing. It also helps manage the considerable risks of having too much physical cash on hand, assuring a greater level of security for cash management activities.

Beyond hardware

Cash recyclers enable operational efficiencies that yield almost immediate cost benefits to the organization. However, as a transformative technology, they also bring substantial change and new challenges to existing processes and infrastructure.

For example, deployment of cash recyclers raises questions around best practices for managing deposit cassettes, ensuring the right mix of denominations, and leveraging data about customer demand for cash.

NCR is a consultative partner that can help financial institutions to take the right path to cash recycling or to optimize their existing cash recycling ATM network.



Cash management software

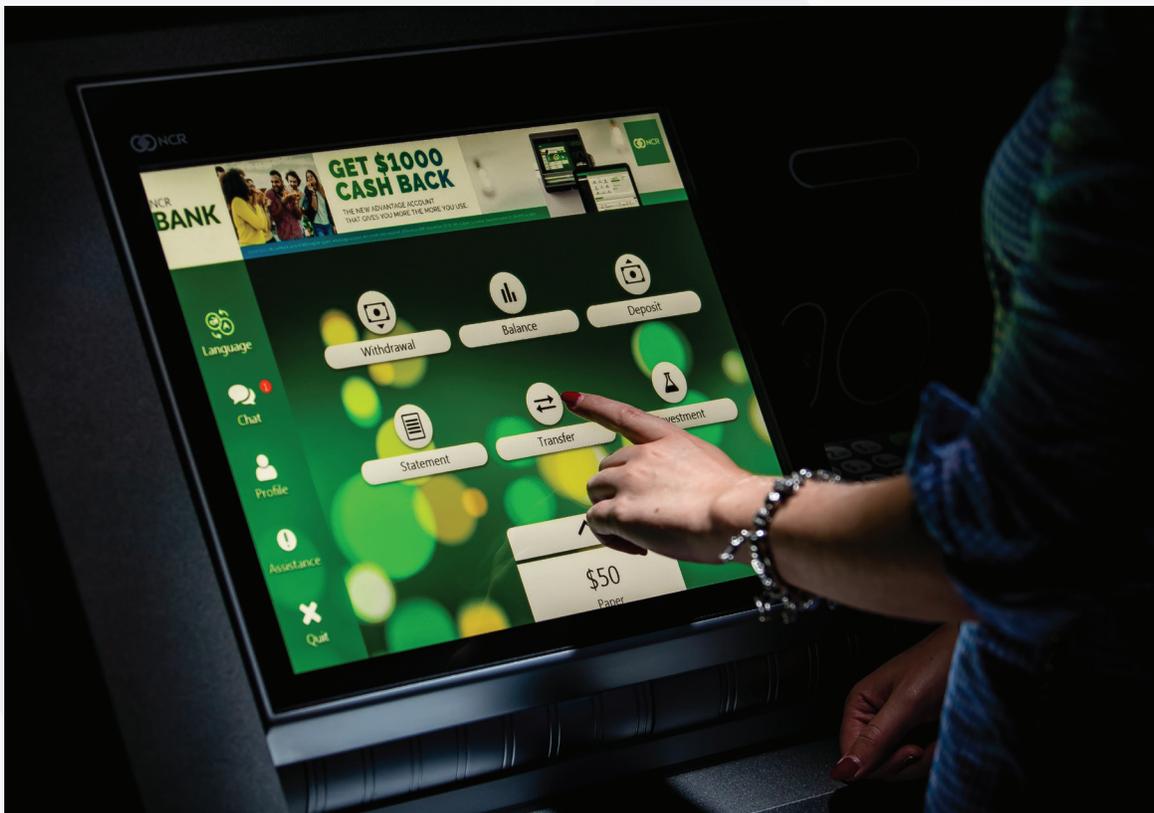
The second element of the integrated cash recycling solution is cash management software. The experience of NCR's customers shows that the savings made by deploying cash recyclers can be even greater when used in conjunction with effective software. On average, organizations save a further 20 percent when using cash recyclers as part of an integrated solution.

Our experience is borne out by analysis from industry commentators:

- PricewaterhouseCoopers suggest that banks can reduce the total cost of managing cash by up to 15 percent by using cash management software.¹
- Consultants at Stolle and Heinz show that German banks could save nearly €1 billion (\$1.24 billion) or approximately 25 percent by using cash management solutions.²
- The ATM Industry Association suggests that effective cash management strategies could net banks an annual saving of between \$3,000 and \$10,000 per branch.

Cash management software can deliver these savings because it analyses transactions made through the ATM and the cash recycling network, and gives financial institutions accurate insight into customer interactions with cash and how those interactions change over time.

As a result, financial institutions can optimize cash replenishment cycles to meet those needs, and adjust to new needs as customer demands changes.



¹ Strategy&: Improving the efficiency of banks' cash operations (originally published by Booz & Company, 2011)

² ATM Marketplace: ATM Cash Management 101, 2015

Integrated Consultancy

NCR's Cash Recycling Excellence Team provides consultancy services that help financial institutions and ATM deployers optimize their ATM network.

A team of cash recycling experts work closely with FIs and IADs to present sophisticated data analysis that helps deployers strategically manage, and see more value from, their ATM estate.

The cash recycling consultancy will help financial institution to answer the following questions in the context of single and multiple unit evaluation. Like for example:

- Which denominations should be recycled for optimal results?
- What will be an indicative replenishment period?
- What will be the optimal dispense algorithm for the recycling rate and cash holding?
- What will be the cash holding? What will be the recycling rate?
- What will be the % of successful transactions?
- What is an acceptable missed transactions rate?
- What will be the optimized (for replenishment period)
- Preload for a given configuration?
- Optimal configuration (cassette config, preload, denominations to be recycled)?

Optimization of recycling modules, cassettes, replenishment periods will allow Financial Institution to maximize the benefits that recycling brings.

Proper planning, preparation and analysis carried out by NCR experts will help them be even more successful and get the most out of their recycling network.



Re-inventing the ATM channel

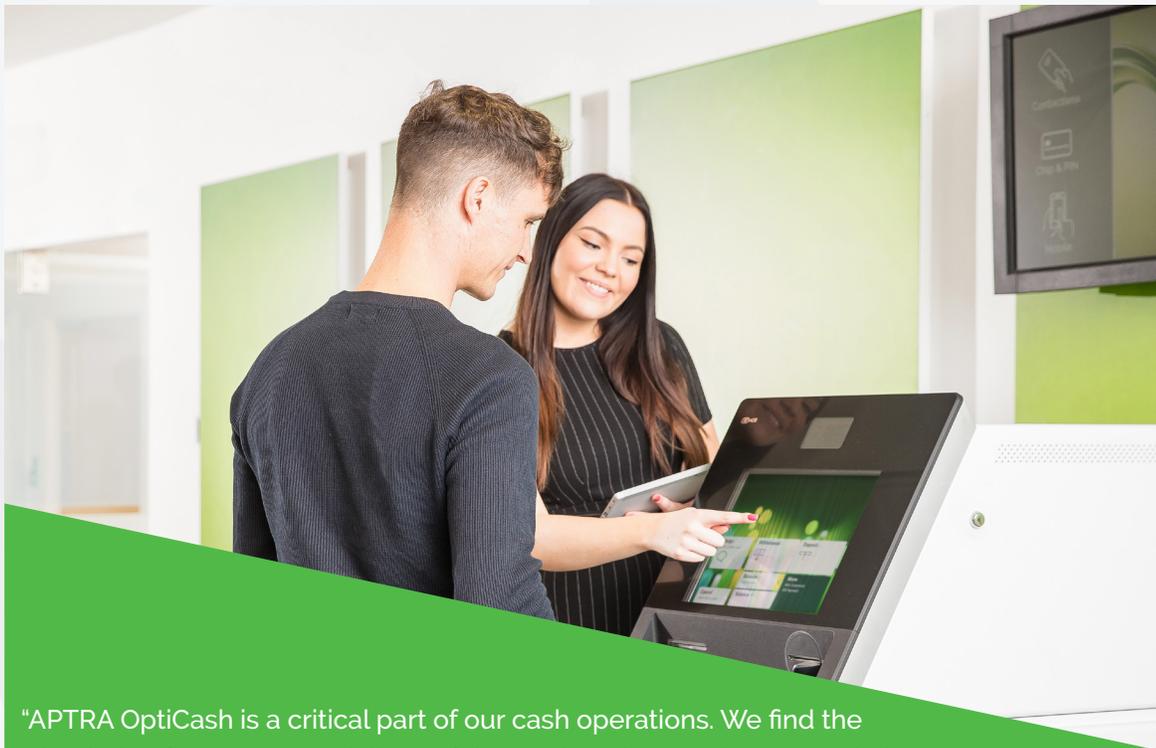
With an integrated solution, financial institutions can ensure that cash is available when and where it is needed without incurring additional costs.

Through the introduction of automation and self-service, the ATM channel has been re-invented, adapting to the changing ways people interact with cash, while minimising risks. These solutions offer a tailored approach that's based on cash demand at a branch level as it changes over time and then optimizing recycler deployment to match.

Automation also provides opportunities to deploy branch staff away from time-consuming cash handling duties, where errors are easy to make. Instead, branch workers can develop meaningful face-to-face relationships with customers and focus on value-added services.

With an integrated cash management solution, financial institutions can:

- Optimize cash replenishment cycles
- Reduce cost and risk of cash in transit (CiT)
- Reduce amount of 'idle' cash held in ATMs
- Increase amount of cash in circulation
- Improve ATM and cash availability
- Reduce risks of human contact with cash
- Improve productivity with efficient branch workflow
- Free staff for more interpersonal, sales-related activity
- Enhance customer satisfaction and loyalty



"APTRA OptiCash is a critical part of our cash operations. We find the simulation features especially useful to project the cost impact and plan changes we make to our operations."

— Zeljko Medved, Affiliate Members Manager, Erste Bank

2. Implementing the solution

Faced with the twin challenges of aging technology and a more demanding consumer, deciding where to start when creating an effective cash management operation can be overwhelming. By following three simple steps, financial institutions can minimize the risks associated with any program of change, to develop a more profitable ATM channel.



Step 1: Preparation

- Conduct customer workshops to identify the business case and specific success criteria
- Develop a complete picture of current infrastructure
- Draw up a business case to ensure that cash recycling is the correct solution in each situation
- Use cash management software to assess historical cash-demand data and understand trend patterns regarding cash requirements



Step 2: Pilot

The second step is to implement a pilot scheme before rolling out the solution on a wider basis. The pilot should:

- Monitor and measure performance of the solution against the established success criteria
- Make sure the solution is performing against agreed key performance indicators (KPIs), and adjust configuration parameters as necessary
- Ensure the deployed technology is meeting and exceeding value-based expectations
- Validate and refine the solution based on initial assessments



Step 3: Management

From the pilot, financial institutions can gather data to develop a more refined solution that can be rolled out across the branch network. Once deployed, the solution will require on-going management to ensure the expected benefits continue to be delivered. Management of the solution involves:

- Using cash management tools to pull and analyze data regarding cash demand
- Identifying changes to customer behavior and adjusting cash planning to continue cost optimization
- Ensuring performance improvement
- Managing cost

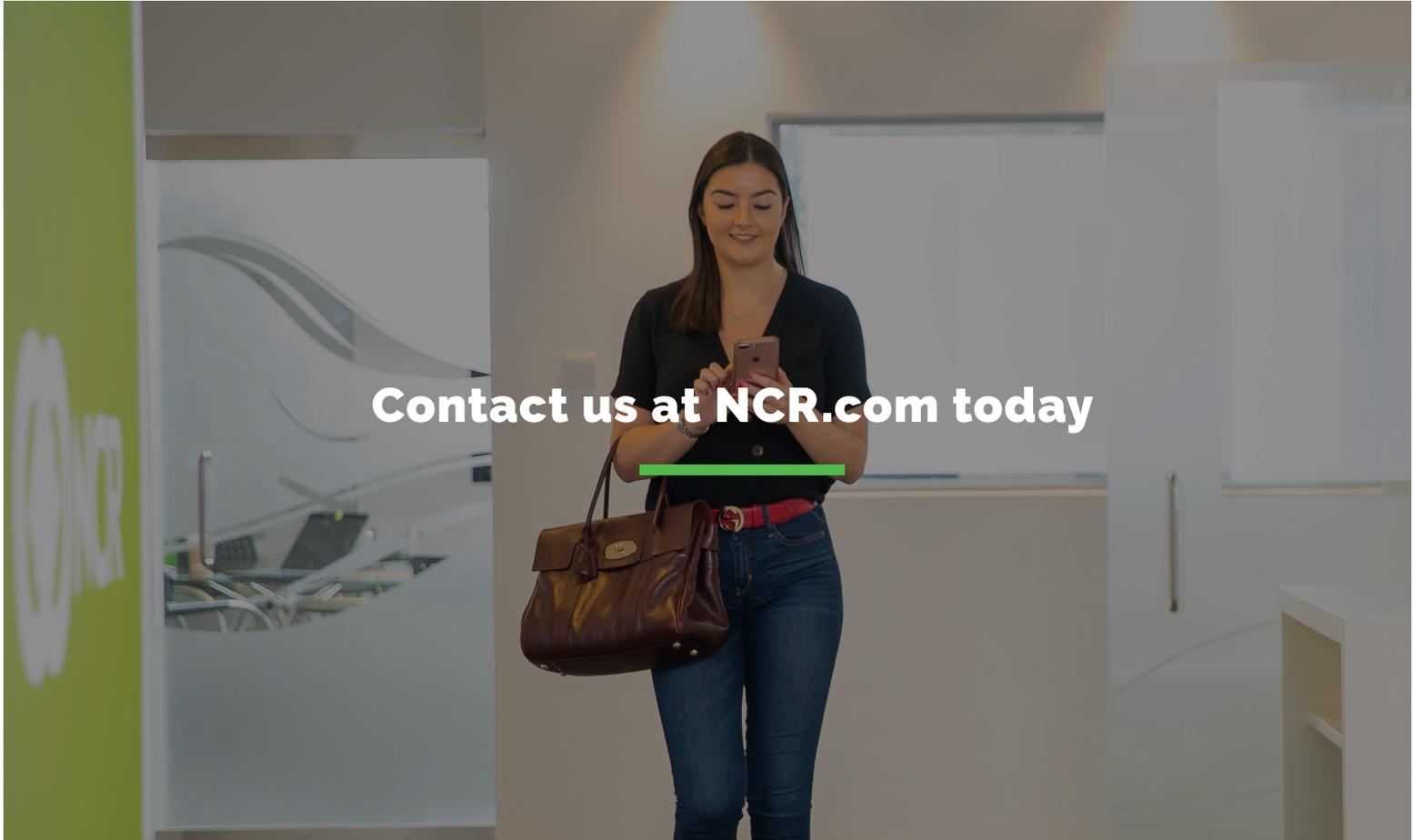
3. Conclusion

Consumers have more choice than ever before, and are demonstrating greater willingness to exercise that choice. They are certainly looking for a bank they can trust. But they are not prepared to sacrifice convenience, availability and usability. Customers want their bank to understand their financial needs, including ready and immediate access to their cash.

For financial institutions that are continually being asked to do more with less, optimizing the ATM network to meet that demand for cash availability has to be accomplished in a smart, efficient way. The integrated cash recycling solution from NCR, based on hardware and software wrapped in services accomplishes that.

By helping financial institutions and their branches develop a tailored solution that meets the unique requirements of their particular customer base, it ensures a lean, streamlined and responsive cash management operation. The result is a more profitable organization, a more secure operation, and a more satisfied customer.





Contact us at [NCR.com](https://www.ncr.com) today

Why NCR?

NCR Corporation (NYSE: NCR) is a leading software and services-led enterprise provider in the financial, retail, hospitality, small business and telecom and technology industries. We run key aspects of our clients' business so they can focus on what they do best. NCR is headquartered in Atlanta, Ga., with 34,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries.

NCR continually improves products as new technologies and components become available. NCR, therefore, reserves the right to change specifications without prior notice.

All features, functions and operations described herein may not be marketed by NCR in all parts of the world. Consult your NCR representative or NCR office for the latest information.

All brand and product names appearing in this document are trademarks, registered trademarks or service marks of their respective holders.

© 2019 NCR Corporation Patents Pending

080219_PM-FIN_03819 [ncr.com](https://www.ncr.com)

