



# ACMA CURRENCY NOTES

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## TAKING CASH MANAGEMENT TO THE NEXT LEVEL - IS NOW THE RIGHT TIME?

*Anthony McAndrew | Astute Outcomes Asia Sdn Bhd*

It seems impossible to open up/log on or switch on any media today without receiving reports about the demise of cash. It is well understood by our industry that the often reported benefits of moving from cash to ePayments are a smokescreen for the principle reasons of transaction transparency to authorities and reduced costs for the central and commercial banks, but the overwhelming message to the public is that cash has had its day. To a pessimist it would seem that all business dependent upon cash is in a twilight phase.



If reports in the media are to be believed, cash may now be riding into its sunset years.

Cash-in-Transit and its less physical cousin Cash Management are, by nature, conservative souls. The processes and tools used to conduct the daily operations of collecting cash and counting cash have not really changed much in the past couple of decades for many local or even regional businesses. Even the recognisable MNCs can be frustratingly slow at acting on known solutions to long-standing constraints and this might be explained by some common reasons:

- When it comes to security management the approach is often "if

it isn't broke, don't fix it". Where personal safety is at risk, conservatism is understandable. However, there is a tendency for a similar attitude to creep into areas of operational management which can stifle innovation.

- Investment in new technology can feel like a leap of faith. Often board level management finds it difficult to reconcile the value of the necessary investment with the SME Millennial-generation representative who is

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pitching the idea in front of them. As the adage goes, you only buy from people you like or trust. Both require a degree of personal empathy, and this can be hard to establish if there is no common ground between parties.

- Today Cash-in-Transit tends to be commoditised in Asia-Pacific. The reasons for this are many; the relative power of the main customers (the commercial banks), market dominance by a few giants, and commercial inexperience of company owners might be considered three significant ones. Consequently, margins are low and customers do not expect innovation from providers.
- Fortunately, our industry is blessed with many people with the foresight to see opportunities where others see limitations. From my own personal experience I can report that there seems to be more interest in developing new business solutions for handling and processing cash than ever, from parties both within and outside of the industry, and I expect to see a number of market entrants into the Cash Management markets in the coming months.

How is it that some can see opportunity in this space, when the prevailing winds appear very much to be blowing against efforts to grow profitably in this sector? The answer is apparently in technology.

You would need to have been living on a remote island in the middle of the Pacific Ocean to have missed the developments in communications over the past decade or two. The universal connectivity that we all have with our smartphones, the arrival of “smart-cities” and the establishment of powerful data-mining software may have their origins far from our industry, but the possibilities



Advances in connectivity, software, and security have resulted in ample opportunity for the evolution of Cash Management.

these developments bring to the Cash Management industry are valuable.

Here are a few developments that are on the drawing board of a number of cash management organisations and that are made feasible by this communications revolution:

1. **Smartsafes.** The use of Smartsafes is perhaps not as innovative as some in this list. A number of commercial banks have used Cash Deposit Machines in their bank foyers for a number of years to try and take physical deposits away from the tellers. However, the interesting advancement being pushed now is to connect the Smartsafe’s data files with the Cash Management company’s systems, creating a utility-style depositing model which provides a low cost deposit option for SME retailers and the benefit of scale for the cash management company. Key to this service is an interactive programme linking customer to cash management provider for instant updates and scheduling.

As an alternative to traditional “walk to bank”, this opens up a bigger section of local retail to cash management services, enabling a growth in the market which outstrips present growth rates.

2. **Cash Orders/Floats.** As the commercial banks continue to distance themselves from the tasks of physical cash handling, retailers are challenged with how to supply their outlets with low denominations and change. A recent study for a central bank in Asia-Pacific highlighted the issue that coin circulation is not functioning. One of the stated reasons was that the population “hoard” the coins they receive and retailers don’t receive coin as payment, meaning the central bank is forced to pump new coinage into the economy to prevent a drought of change. Ironically the same country sees commercial banks actively withdrawing from the task of supplying coin to retailers on demand making matters worse. Supplying low denomination notes and coin as a cash management company is now possible with the emergence of app-based dropboxes for the likes of Amazon and the confidence the public now have in electronic security. It must only be a matter of time before retailers can collect their daily float from a controlled environment and a smart-locker.

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Cash Management companies are in a good position to reinvent the supply of coins and low denomination banknotes.

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**3. Dynamic Planning.** Some years ago the supermarkets started home deliveries and established a new generation of algorithms to predict, plan and optimise these deliveries. Now Grab, GoJek and other sharing-economy giants have further evolved these programmes to establish highly flexible logistics models that optimise demand through charging flexibility and minimise waiting times. It would be fair to say that nearly all of the CIT industry is still to catch up with these developments, in Asia-Pacific certainly. In Netherlands one CIT company has launched a collection model borrowing

from the planning developments mentioned above, although they do still use their own staff to collect (!)

The successful adoption of these or other technologies into the Cash Management proposition has a double benefit. Not only can they improve top line, middle line or bottom line results for your business, but invariably they add value to the customer experience. With that comes an enhanced relationship and a move away from the commoditisation of your service.

Now may be the best time for your CIT business to push forward with new, connectivity-based solutions.

## BEYOND CHINA - QR CODE PAYMENTS TAKE OFF IN SOUTHEAST ASIA

*Brianna Erban | Currency Research*

The widespread popularity of QR codes is spreading from China and taking hold throughout Southeast Asia. China's popular mobile apps WeChat Pay and Alipay have mainstreamed the use of Quick Response (QR) codes for payments, with daily users numbering in the hundreds of millions. Central banks and regulators throughout Southeast Asia are now following suit in an effort to make digital payments affordable and accessible to the masses.

QR codes are immensely popular in China, but will they experience the same uptake in other regions? It depends! First it must be mentioned that QR codes are an inexpensive and intuitive solution that allow the physical and digital worlds to intersect. However, when looking to China two additional factors have supported deployment. It is well known that China's cash cycle is costly and fragmented; CIT services are carried out by semi-public or

public companies, with limited competition and notoriously restrictive and local. CIT operations are overseen by the Ministry of Public Security and limited to the district in which they are controlled. In China (and beyond) the rationale for swift uptake of QR codes over cash is clear – for merchants, the codes drive down costs incurred by cash handling. Looking to other jurisdictions, it is to be expected that QR code adoption will take off in countries where cash handling is expensive. Furthermore, many Governments across Asia are now pushing for digital payments. In a country like China, this very much fosters demand.

Relative to other payment methods, QR codes are cost effective and easy to implement and adopt, and therefore attractive to cash-intensive countries striving to go digital. With Southeast Asia's recent boom in smartphone penetration, QR codes

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”



The popularity of services like WeChat Pay and Alipay have made QR code payments very much mainstream in China.



With Southeast Asia's recent boom in smartphone penetration, QR codes payments could prove cost effective & easy to implement, as they were in China.

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**THE MONETARY  
AUTHORITY OF  
SINGAPORE  
LAUNCHED THE  
SINGAPORE QUICK  
RESPONSE (SGQR)  
CODE--**

**--THE WORLD'S  
FIRST UNIFIED QR  
CODE FOR  
PAYMENTS...**



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are helping the region's consumers leapfrog from cash directly over to mobile payments.

As part of its cashless push, Bank Indonesia (BI) is making significant inroads on standardising and regulating the country's QR code payments. BI wrapped up the tech-focused first phase of its pilot test this summer, which tested QR code interoperability between banks, telcos, and fintech firms. The second phase launched in early September, comprising a working group of payments industry stakeholders who are trialing the business applications of QR code standardisation. The feedback will inform regulation surrounding the standardised code, soon to be introduced as part of BI's interconnected payments ecosystem, Gerbang Pembayaran Nasional (GPN).

Bank Negara Malaysia (BNM) has been active in accelerating Malaysia's shift to digital payments, most recently with the Interoperable Credit Transfer Framework (ICTF). The framework promotes the development of an interoperable QR scheme and a common QR code established under the national Real-Time Retail Payment Platform (RPP). Commercial banks and eligible non-bank e-money issuers will connect on a common platform, known as the "interoperable QR payment scheme," to enable seamless payments for consumers. However, to encourage market dynamics BNM will allow merchants to choose between the common QR code standard or a proprietary standard, depending on their unique business needs. Given the high penetration of mobile phones in Malaysia, BNM expects the use of common QR code payments will help drive cashless transactions. The RPP is anticipated to go live by the end of 2018.

The National Bank of Cambodia (NBC) and the Bank of Thailand (BOT) have unveiled plans to collaborate on a cross-

border QR code payment system, to be introduced in 2019. The move is intended to bypass costly currency exchanges for tourists who travel frequently between the neighbouring countries. The new system will additionally drive down remittance costs for migrant workers in Thailand. According to the Bangkok Post, BOT has also recently announced a QR-based cross-border fund transfer initiative with Cambodia, Laos, Myanmar, and Vietnam (CLMV). As with the NBC-BOT partnership, the service will not only facilitate payments integration in the region, but also result in lower remittance costs for CLMV migrant workers based in Thailand.

In a much anticipated move, the Monetary Authority of Singapore (MAS) launched the Singapore Quick Response (SGQR) code on 17 September. SGQR is, according to MAS, the "world's first unified QR code for payments" and combines multiple e-payment solutions into one, thereby reducing fragmentation and simplifying mobile payments for merchants and consumers alike. The network will be compatible with 27 payments providers and will be rolled out over the next six months.

In nearby Sri Lanka and Hong Kong, QR codes are also gaining a foothold through formal government initiatives. On 17 September, alongside the launch of its Faster Payment System, the Hong Kong Monetary Authority (HKMA) announced the Common QR Code Standard for Retail Payments in Hong Kong. A free mobile application tool – the Hong Kong Common QR Code (HKQR) app – allows merchants to convert QR codes from different payment service providers into a single, combined QR code. Small and medium enterprises, especially, are set to benefit from the single QR code as they can efficiently accept different payment schemes, rather than displaying multiple QR codes to their customers.

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More recently, on 10 October, the Payments & Settlement Department of the Central Bank of Sri Lanka launched a standardised national QR code called LANKAQR. At an industry event in late September, Governor Dr. Indrajit Coomaraswamy said that LANKAQR “would allow any small merchant, be it a street-side vendor or a taxi driver, to accept electronic payments just by having a printed QR code and basic mobile phone.”

The QR code has come a long way since it was developed for Japan’s automotive industry in 1994. While Southeast Asia may not see Chinese levels of ubiquity any time soon, the scannable codes are paving the future of digital payments throughout the region and beyond.

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Originally developed for Japan’s automotive industry in 1994, QR codes could now represent the future of digital payments in Asia.

## RECENT ACMA EVENTS



The ACMA Workshop at Tentrem Hotel, Yogyakarta

**ACMA WORKSHOP**  
HELD AT TENTREM  
HOTEL, YOGYAKARTA ON  
4 SEP 2018

On "The Future of Cash" and  
"Attacks and Risk Mitigation"



Discussions at the 2018 ACMA Annual General Meeting.

**ACMA ANNUAL  
GENERAL MEETING**  
HELD AT TENTREM  
HOTEL, YOGYAKARTA ON  
4 SEP 2018

# AUSTRALIANS REALISE THE IMPORTANCE OF CASH

*Huseyin Memis | Streamcorp Armoured*



Without cash to fall back on, Australians would not have been able to pay for various services, including taxis and parking

On Friday 2nd 2018, Australia's largest telco Telstra, experienced a major communications outage across the country which was not resolved for over 24 hours.

Within this timeframe 95% of EFTPOS terminals and some ATM's were offline. This meant that customers could not pay for their groceries, food, coffee, parking, taxi's and other daily necessities by using their cards. Businesses reported losing significant amounts of revenue and, at one stage, Telstra was promoting their customers to use cash due to the outage.

Telstra confirmed the problem was affecting its machine-to-machine (M2M) data services and also devices that employ cellular connections. "We are currently experiencing an issue with some enterprise customer machine to machine (M2M) data services, which is impacting services including EFTPOS devices and ATMs," the telco giant said in a statement.

This outage has not only illustrated the

importance of cash in our society, but, as importantly, promoted Australians to carry physical cash on them at all times to negate the effects of similar scenarios in future. Despite segments of the community pontificating cash as a diminishing commodity, Australians have experienced the effect of losing an essential service first-hand and the implications it can cause in our daily lives.



Telstra's communications outage impacted many business - who were blameless in the affair - as well as countless customers.

“  
AUSTRALIANS HAVE EXPERIENCED THE EFFECT OF LOSING AN ESSENTIAL SERVICE FIRST-HAND AND THE IMPLICATIONS IT CAN CAUSE IN OUR DAILY LIVES.  
”

## MEMBERS' SPOTLIGHT - CATCHING UP WITH TED

The year 2018 marks 7 years since the formation of ACMA was first envisioned. In this issue of **ACMA Currency Notes**, we catch up with one of ACMA's founding members, executive director Ted Devereux, to get his thoughts on ACMA today and how he sees the continuing evolution of the cash management industry.

**Question 1: What do you want other ACMA members to know about your company?**

The Spearpoint Security Group was formed in Singapore in 2012 to hold security related assets in Asia. We have offices and businesses in Singapore, Thailand, Hong

Kong, Malaysia, Indonesia and The Philippines. A key service we provide is consultancy, aimed at the Security of the Cash Cycle, and we recently completed a job for a major Indonesian Bank.

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**Question 2: What drew your company to become a member of ACMA?**

Whilst attending ICCOS Asia in Hong Kong the idea to form ACMA was floated by Currency Research. As there was no other Association representing the Cash Management Industry across country borders in Asia, we felt ACMA could fill this role and help to promote our industry to the relevant stakeholders. We became a founder member and I was asked to become the first Executive Director.

**Question 3: What are the benefits you have experienced since becoming a member of ACMA?**

Networking with other like-minded people and learning from their collective experiences. Especially through the ACMA interactive workshops held each year at ICCOS Asia.

**Question 4: What are some of the exciting developments you are seeing in the industry?**

What I see is that Cash Management



ACMA Executive Director Ted Devereux.

Companies are investing and becoming a more integral part of the cash cycle as Central Banks reduce their branch network and more Commercial Banks outsource cash services.

**Question 5: What change, technology or otherwise, do you expect to see in the industry over the next few years?**

I expect to see Cash Management Companies embrace the change that is happening by investing in technology to

improve efficiency and to provide a wider range of services. For example, providing Smart Safes, operating ATM Networks, and Providing Single Line ATM Maintenance. To further speed up the cash cycle, I expect to see Central Bank's outsource the holding of extended inventory to Cash Management Companies. This is already the case in the UK.

**Question 6: What makes ACMA different from other Associations or Organizations you are involved with / members of in the cash management space?**

All the other Associations I am a member of are country based. ACMA crosses borders and has 38 members covering 17 countries. This gives us far better insight into the cash industry and as we grow further in strength it will give us a firm base upon which we can engage Central Banks around the best ways to efficiently and cost effectively recycle cash to ensure it remains relevant.

## MEMBERS' NEWSBOARD - LATEST STORIES FROM ACMA MEMBERS

### *Cryptocurrency - Secure Vault Storage in the Wild West*

*Tim Malone | G4S*

With the rise in the popularity and value of cryptocurrencies around the world in recent years, G4S has developed an innovative new service offering high-security offline storage that helps to protect assets from criminals and hackers.

Once a niche dream for idealistic computer scientists, the popularity of crypto-assets has become more and more mainstream. With that growth, the value of cryptocurrencies like Bitcoin,

Ethereum, XRP and Litecoin has increased at an unprecedented rate. In the space of a few years the value of a single Bitcoin has risen from \$800 to over \$6000. For people and companies around the world the opportunities created by this are broad, but, inevitably, so is the appeal to criminals.

Cryptocurrency trading operates like many financial markets, with buyers and sellers mediated by an exchange in the middle. The key difference is that in the

absence of a central bank, the exchange can become the main repository for the digital asset, making it a potential vulnerability. Cryptocurrency exchanges are a fast-growing industry, with the largest exchanges estimated to accommodate up to \$1.7 billion in trading volumes per day.

The combination of the unique requirements of exchanges and the immaturity of the sector has made them a

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prime target for hackers and other criminals. According to one estimate, cryptocurrency worth over \$1.2 billion has been stolen since the beginning of 2017, including more than \$500 million in one theft in January this year from Coincheck, one of the largest exchanges in Japan. It is therefore not surprising that there is some trepidation among major financial institutions about whether to enter the fray.

For the full story, view the complete article [here](#).



The rise in value of Bitcoin and other cryptocurrencies has presented opportunities for legitimate businesses and criminals alike.

## Why Software is the Conductor of Cash Processing

Victoria Lant | G+D Currency Technology

When it comes to cash processing, people often focus on the machines - the hardware components, that scan, count, sort and stack the bills. A recent article by G+D Currency Technology, discusses why software is so important in today's modern currency cycle.

Software is the intelligent control center and without it, hardware is lifeless and silent, like an orchestra without a conductor. Cash processing equipment needs precise instructions to function efficiently and like musicians and instruments in an orchestra, even the best hardware is useless without great software and excellent service. The company offers Compass® VMS software as an example of a solution that



Much like the conductor in an orchestra, well-designed software is essential to ensure that equipment runs satisfactorily.

can bring together all the elements of a cash center and adapt to many customer-specific processes and requirements.

G+D Currency Technology's future focus is closely tied to data intelligence. According to Kesavamani Narayanan, Regional Sales Director (Malaysia, Singapore, Brunei and Philippines) G+D Currency Technology, "Software is the catalyst that enhances your traditional products and evolving it into a digital environment required in the fast moving world we live in.

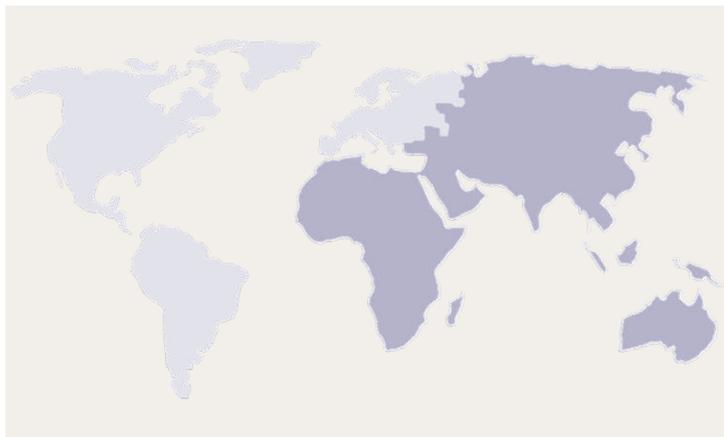
It empowers people to make decisions correctly and efficiently with a mere click of a button."

For the full story, view the complete article [here](#).

## ADVERTISE WITH US

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### **Members pay**

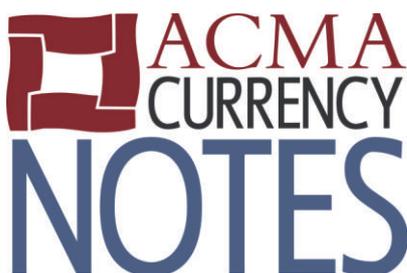
**\$400** for a full-page advertisement;

**\$200** for a half page; and

**\$100** for a quarter page.

**Non-members pay double.**

Send enquiries to Tan Chee Meng at: [tancmsia@gmail.com](mailto:tancmsia@gmail.com)



### SHARE YOUR INSIGHTS

If you would like to have an article published in the ACMA Currency Notes, please write to Tan Chee Meng at: [tancmsia@gmail.com](mailto:tancmsia@gmail.com)

## ABOUT ACMA

### *Mission*

To provide a platform for Cash Management Companies (CMCs) in Asia, Africa and Australia & Oceania to raise their professional reputation and standing in the Cash Handling and Cash Management Industry, and to act as a representative with the appropriate authorities on issues of common interest.

### *Founding Members*

AB Securitas	Phiroze Kevin Pestonjee
Currency Research	Richard Haycock
Linfox Armaguard	Scott Forster
Spearpoint Group	Ted Devereux

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[www.acma-asia.org](http://www.acma-asia.org)

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