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## EXPLORING SYSTEMIC RISK, REGULATION, AND RESILIENCE IN ASIA'S CASH ECOSYSTEM

At the recent Asia Cash Cycle Seminar 2025 in Bali, Indonesia (22–24 September), the ACMA panel — organised by **Currency Research** — gathered leading voices across the cash and payments industry to discuss the evolving challenges and risks shaping Asia's cash infrastructure. Key discussion points included:

- **Retail systemic risk:** Modern retailers face growing exposure to multiple infrastructure failures — from cash handling to digital payments — creating complex operational risks in highly competitive markets.
- **Efficiency gaps in Asia's cash systems:** Despite their scale, many markets remain limited by redundant routes, strict subcontracting rules, and lack of optimisation.
- **Systemic risk as a shared reality:** Australia's experience underscores that systemic cash system failure is not an outlier — similar risks could emerge anywhere without resilient planning.
- **Resilience through diversification:** Banks can strengthen system stability by distributing business across multiple CIT vendors and supporting their long-term viability.
- **Cash as public infrastructure:** The panel debated whether cash management should be treated as a public good, requiring collaborative investment between governments, central banks, and commercial players.
- **Regulation and cooperation:** Strong regulatory frameworks remain essential for creating minimum standards, building trust, and enabling true system collaboration.
- **Sustainability and volume thresholds:** CIT companies face increasing challenges in maintaining viability amid declining volumes, high fixed costs, and continued investment needs.
- **Digital outages reinforce cash's role:** Even advanced payment ecosystems such as India's UPI have experienced repeated downtimes — reinforcing the importance of cash as a contingency system.
- **Asia's rapid digitalisation risk:** The region's fast pace of technology adoption could heighten vulnerability to disruption within the next 5–10 years if preparedness and collaboration do not keep pace.



# ACMA SUMMIT 2024

DAVID FAGLEMAN

This article is the second part of David Fagleman's write-up on the ACMA 2024 seminar round table during the ACMA Cash Cycle Seminar in Jakarta, 26th - 27th September 2024. Part one may be found as an identically titled piece featured in the previous issue of ACMA Currency Notes.

## Roundtable discussions

A main feature of the Summit was a series of roundtable discussions where delegates were asked to discuss and debate some of the most important topics facing the industry.

What do we mean by keeping cash relevant, cost effective and serving all sectors of society?

Over the past few years, ACMA has published a report and facilitated industry roundtables exploring how cash can remain relevant, cost effective and able to service all sectors of society. It's important for the industry to be able to explain these terms and delegates had the opportunity to discuss what they thought they meant. The main responses can be seen below.

**Keeping cash relevant.  
Keeping cash cost effective.  
Cash serving all sectors of society.**

- Acceptance (especially in rural areas)
  - Availability
  - Contingency
  - Freedom of choice
  - Government support
  - Bank support
  - High volumes
  - Cost of coin
- Collaborate to reduce processing cost
  - Support unbanked
  - Support low income
  - Support workers

### Challenges facing the cash cycle

Every country has its own payment landscape with geographical and cultural elements that make it unique. Despite this, there are many areas of common

ground between countries, meaning that they face similar challenges and are looking for similar solutions. Delegates considered what they thought were the main challenges facing the cash cycle. These are outlined below and categorised by challenges faced by digital payments, the cash industry, Central Banks and other factors.

<p><b>Digital payments</b></p> <ul style="list-style-type: none"> <li>Increased use</li> <li>Scams and fraud</li> <li>Cost of digital payment</li> <li>Exclusion of low income workers</li> <li>Exclusion of vulnerable</li> <li>Failure of systems</li> </ul>
<p><b>Cash</b></p> <ul style="list-style-type: none"> <li>Lack of access to cash</li> <li>Cost of banknote distribution</li> <li>Cost of logistics</li> <li>Lack of investment</li> <li>Cost to make and transport coin</li> <li>Reduction of ATM footprint</li> <li>Bank branch closures</li> <li>Counterfeit perception</li> </ul>
<p><b>Central banks</b></p> <ul style="list-style-type: none"> <li>Obligation to citizens</li> <li>Lack of investment</li> <li>CBDC uncertainty</li> <li>Synchronizing cash and digital</li> <li>Regulation to keep/accept cash</li> <li>Cash as a contingency</li> <li>Shift to ESG</li> </ul>
<p><b>Other</b></p> <ul style="list-style-type: none"> <li>Reduction of ATM footprint</li> <li>Increase in minimum wage</li> <li>Anti-cash lobby and marketing</li> <li>Consumer protection using digital</li> <li>Lack of labour for physical sites</li> </ul>

What can CMCs do to support Central Banks?

A main topic of discussion at the Summit was around what CMCs can do to support Central Banks to keep cash relevant. While every market is different, there are similarities, common themes and challenges. Delegates heard from the Central Banks earlier in the day and this led to some key points, including gaining the trust of the Central Banks and moving from dialogue to collaboration and, ultimately, partnership. However, it was noted that trust is a 'two-way street' and CMCs should have a more formal interaction with the Central Banks to ensure both parties understand how they can collaborate and make the cash cycle efficient and cost effective.

Investment	International examples of good partnerships (Spain/UK)
Outsource cash cycle	
Trust CIT/CMC	Remote inventory
Every country is different	Strong dialogue

### Collaborating with Commercial Banks

Commercial Banks play a vital role in the cash cycle and much of the discussion at the Summit centred around how CMCs could collaborate with them to deliver cash services. Delegates had the opportunity to think about what CMCs and the Central Banks could do to improve relationships with the Commercial Banks and encourage them to collaborate with CMCs.

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## Trust CiT/CMC

- Make them aware of the risks to their business of cash management left unattended
- Explain the costs of propping up the cash cycle (eg CiT company bail-out in Australia)
- Central bank influence is needed to make them act
- Directive from central banks to ensure the right level of seniority in the banks is dealing with cash

## Remote inventory

- Demonstrate value in the data that CMCs can extract
- CMCs can argue that they know their product, and their customers better than they do
- CMCs should act as a "whole system integrator" for the Commercial Banks
- Demonstrate how CMCs can reduce costs for Commercial Banks

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### ATM managed services

Presentations at the Summit from CMCs highlighted the opportunities presented by offering ATM managed services. For example, brown label ATM services, where a CMC can operate an ATM estate on behalf of a Commercial Bank, providing cost efficiencies and service improvement for the bank, while ensuring that access to cash remains viable. It can also increase the availability of the bank's ATM network to its customers. As noted below, this could hold the key to CMCs taking on more responsibility from central and Commercial Banks. In two sessions, delegates discussed the advantages and disadvantages of ATM managed services. In terms of advantages for owners of ATM estates, delegates said that services such as brown label ATMs can improve efficiency, reduce costs and offer a streamlined service. This can also help rationalise a Commercial Bank's ATM estate, removing excess ATMs and deploying them strategically to provide increased reach to their current and potential customers. There are however disadvantages for outsourced services, such as issues with competition law and the resistance from Commercial Banks to relinquish their branding, if this is part of the agreement. There might also be the need for initial investment from the CMC if they purchase the estate. These obstacles are important for the CMC industry to be aware of when making the case for ATM managed services.

Advantages of ATM managed services to owners of ATM estate

- Better service
- Savings
- Cost efficiency
- Increase reach
- Visibility
- Streamline
- Sustainability

Disadvantages of ATM managed services if outsourced

- Loss of branding
- Loss of marketing
- Loss of control
- Competition law
- Investment required

*What would you like to see at the next ACMA Summit?*

Finally, delegates were asked what they would like to see at the next ACMA Cash Forum. Overall, everyone was positive about the need for another ACMA Forum in 2026, with a role to play yet to be defined, but held in-between the biennial Asia Currency Research Cash Cycle Conference.

### What would you like to see at the next ACMA Cash Summit?

- More Central Banks — they were very insightful at this one.
- Representations from the payments industry.
- Representations from Commercial Banks — to discuss collaboration.
- Speakers from other regions (eg Africa)
- Invite government representatives.
- Invite banking associations for an industry-wide perspective.
- More local cash and security associations.
- Retailer representation.

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### Brown Label ATMs

This term can have a different meaning depending on the country.

For the purpose of this report, a brown label ATM is an ATM where an ATM is fully operated by a third party service provider (for example a CMC) on behalf multiple Commercial Banks or financial institution for all ATM services, including ATM machine, location definition, switch, maintenance, with the exception of cash, which may belong to a Commercial or the CMC depending the arrangement.

In this scenario, the banks keep their branding. For example, when a customer goes to an ATM, they will see their own bank branding on the ATM screen.

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### Speakers

Listed in alphabetical order by surname:

- David Dove, Executive Vice President and President, ATM Managed Services, Binks Inc.
- David Fagleman, Director, Enryo Consulting.
- Guillaume Nonain, President, ESTA.
- Muhamad Yusri Ashif Othmarani, Analyst, Currency Department, Bank Negara Malaysia.
- Anush Raghavan, President, CMS Info Systems Limited.
- Anak Somkanae Director, Payment Systems Policy and Development Office, Payment Systems and Financial Technology Policy Department, Bank of Thailand.
- Budi Sudaryono, Director, Head of Currency Management, Currency Management Department, Bank Indonesia.
- Iman Sujudi, General Secretary, Indonesia Cash Management Association; CEO - PT Nawakara Arta Kencana.
- Inne Yuaniza, Chairwoman, Indonesian Cash Management Association; Director PT Prosecur Cash Indonesia.



Choice, comfort, and convenience — despite initially being oblivious as to what smart casual actually means, this author promptly arrives at the epiphany that this dressing style perfectly encapsulates the payments system.

## CHOICE AND COLLABORATION

DAVID SLATER



Ah, the delight of returning to one's family after nine days away from home working in Hong Kong and then attending the recent ACMA and ICCOS Conferences in Bali. Four delighted and noisy dogs bouncing up to greet me and noisily expressing their joy at my return. On the plus side, my wife did say hello!

One piece of advice to you all is never have breakfast with your boss after a conference; mine is always full of bright ideas for me to fulfil. Hence, I'm here to add to the tedium of your daily grind by writing a few short words on the aforesaid conference in a desperate attempt to keep my job. The morning after the beach dinner where I enjoyed cold beers and the sunset, plus a few 'dark and stormies' in the bar after had also undermined my ability to resist anyway.

Sad to say I've never been to Bali before, only flown through on my way to somewhere

else. So, I'm surprised the conference organisers chose such a hardship location for this conference, but I tried my best to soldier through the breakfasts by the pool and sundowners on a tropical beach. Big hand for the organisers as the conference was slick and efficient and full of interesting and thought-provoking content packed into so few days.

Thought provocation hit me well before the conference as I tried to research what 'smart casual' actually is. Style, panache and elegance are three words that have never been used before when describing me, so I thought it best to do some research beforehand. Being 6 feet 2 inches and 120 kg, with a bald head reflecting enough sunlight to power a 10-acre solar farm, I do like to blend in!

Google was not my friend on this occasion

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and the number of options presented was like a build your own pizza menu; except in Bali, you definitely want to add the pineapple. Jacket without tie or no jacket? Long sleeved dress shirt or plain or patterned short sleeved shirt? Polo or native Batik design, or even outrageous Hawaiian? Trousers dark or bright, chinos or dress? A bewildering choice of footwear ranging from dress to casual and all the way through to loafer or beach. And, horror of horrors, no socks was considered permissible.

But I had a cunning plan! Don't dress for breakfast just watch what everybody else is wearing. When I say don't dress for breakfast I meant don't wear your conference clothes for breakfast. Doubly good advice for me as, surprisingly for a person of my outspokenness, I often find it hard to find my mouth and make a mess. Happily, with some of my shirts, this wouldn't have been noticed.

On the conference days I managed to see most of the options listed above so I knew I'd be okay with the clothes I had brought with me. The morning after the conference was even more enlightening! Sky blue beach shorts with red octopus motifs was a shock to the system – you know who you are and the excuse that your wife bought them for you was a cop out!

But, as I attempt to inject some rational logic and relevance to my ramblings, doesn't smart casual perfectly epitomize the payments system? It's a matter of choice, comfort and convenience!

The problems now faced by Australia due to the downward pressure on cash payments almost led to the closing of business in the cash processing industry as competition to corner the market resulted in zero profit. Not the best situation for a business reliant on a



**Cash allows basic economic activities to be performed, requiring little more than pencil and paper to track payments.**

capital hungry investment model.

The Central Banks saw the problems caused by this, and it was heartening to hear their message in respect of physical cash – use it or lose it. Cash is a historical document reflecting the culture, history and independence struggle for many nations. It instills confidence and comfort for people on the extremes of the payments system; it facilitates basic economic activity after natural disasters destroy the eco system needed to support other payment methods. A scrap of paper or a ledger book combined with a pencil can easily track the payment. Rural communities rely on cash for their isolated villages to support seed merchants, farmers and local markets. These are the people putting food on the table of everybody else in the cities.

So, the exhortation of – use it or lose it – isn't totally appropriate when considering the 'rolling maul' of the entire payments system. It's not an either/or, its options!

The payment system has a universal responsibility to every person in the economy. Using phones and mobile devices for some areas of the world is problematic as coverage is not 100%; trust in the payment made needs that level of confidence.

A payment system can't say 'job done' after achieving 80% coverage of the

market. 99% sounds good but let's look at the numbers behind the '%'.  
There are, on average, 117,695 commercial flights per day. A 99% success rate here means that 1,177 don't arrive every day!

In a previous existence I dealt with senior police officers who were outraged that the number of attacks on CIT in Hong Kong had increased by 50%! Explanation that none were successful, and that the numbers had risen from 4 to 6 in one year did little to mollify them until I pointed out that a certain CIT company in UK was suffering the same number of attacks in a week!

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**Despite expansion of network connectivity, there remain areas where it cannot yet be relied upon for the purpose of payments.**

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'Lies, damn lies and statistics' is interchangeable with 'lies, damn lies and percentages'!

Let's look a little deeper into 'percentages', a simple word from my 'A' level maths that now takes on a greater significance by its ability to hide the facts.

When I transfer money from my HK bank account to my wife's account in Thailand I pay a flat fee, when I take the paltry amount left over in my HK bank account using my ATM card I pay a flat fee. When I pay using an 'app' I pay a 'percentage'. The last option is purely hypothetical as I don't have any payment

apps; if you managed to read through all of my article from last year's conference you will understand why.

So, looping back to the recent Australian cash industry crisis where the cost cutting competition resulted in intervention to save cash as a payment option, we ask the question – would that have happened if the cash industry had been paid a percentage of what they circulate from the outset? Is it equitable that payment methods are rewarded in such a way that does not reflect the service provided and the infrastructure needed to do so?

Central Banks have expressed their

full support for cash, and it is now time for all stakeholders to ensure that a comprehensive payment system serves the needs of EVERY person dependent on their own personal situation and CHOICE. When it comes to payments the shareholders are the people who need the various systems.

The parting takeaway from the conference was 'collaboration'. Central Banks, Commercial Banks and service providers need to get together and ensure they create a fair, equitable and commercially viable eco system for all payment methods. Commercial Banks need to attend the conference and COLLABORATE with their partners.

## MEMBERS' NEWSBOARD - LATEST STORIES FROM ACMA MEMBERS

### IOT RESHAPES ATM AND CASH-IN-TRANSIT PROTECTION

OBERTHUR .....

The Internet of Things is transforming how banks safeguard cash from cash centres to customers. Unlike traditional communications, IoT enables continuous two-way dialogue between security devices and control rooms, shifting protection from reactive response to proactive prevention.

The introduction of XFS4IoT is to take advantage of IoT and cloud computing technologies. However, because XFS4IoT operates only within ATMs, banks and CiT operators need independent security monitoring systems to track both ATMs and cash cases.

Solutions such as Oberthur's Montrack deliver significant value. These systems supervise Intelligent Banknote Neutralisation Systems, providing location data across ATM estates and cash-in-transit operations simultaneously. Monitoring cash protection systems like

OCP's ICSD, tracking battery health etc. prevent failures before they occur. This connectivity enables rapid location of stolen ATMs or cases.

Constant location tracking is vital, if satellite GNSS signals are lost, the system automatically switches to IoT network positioning to maintain continuous visibility.

As banks deploy new generation ATMs in more vulnerable locations, end-to-end monitoring of cash protection systems becomes increasingly critical. IoT monitoring platforms that provide continuous visibility from cash centre to customer will be essential for managing the security challenges ahead, reshaping how the industry protects its expanding physical cash network.



# REBUILDING TRUST IN INDIA'S ATM NETWORK: WHAT CMS INFO SYSTEMS' 1,000-ATM DEAL WITH IPPB MEANS FOR THE COUNTRY

## CMS INFO SYSTEMS

In India's rapidly evolving financial landscape, where digital payments dominate headlines and UPI continues to set global records, it's easy to overlook one critical truth: cash still matters. For millions of Indians, especially across semi-urban and rural regions, ATMs remain a lifeline. Which is why the recent partnership between CMS Info Systems and India Post Payments Bank (IPPB) to replace and deploy 1,000 ATMs across the IPPB network marks a significant moment for the country's banking infrastructure.

This wasn't just a routine contract. It marked a significant infrastructure upgrade for a key public-sector banking channel. CMS took on the responsibility of replacing older machines and deploying 1,000 new units across India Post locations, strengthening cash-out access for thousands of households that depend on these touchpoints.

For CMS, which already manages over 73,000 ATMs nationwide, nearly half of India's outsourced ATM network, this deal further strengthens its leadership in the space. But the implications go far beyond market share.

### A turning point for ATM outsourcing in India

The IPPB contract also reflects a shifting trend in the ATM industry. Banks are gradually moving away from the "brown-label" model—where vendors manage the entire lifecycle under the bank's brand, and are opting instead for fixed-cost models that offer greater predictability and lower risk. With thousands of ATMs across India now over a decade old, banks are realising that maintaining legacy machines is no longer sustainable. Upgrading to modern, reliable units is essential.



Despite rapid digital expansion, cash and ATMs are vital in countries with semi-urban and rural populations.

The CMS-IPPB collaboration is a case study in this shift: a public-sector institution choosing a stable, proven vendor to overhaul a key part of its customer infrastructure.

### Strengthening financial inclusion where it matters most

Beyond the commercial angle, this deployment holds deep social value. Post-offices are often the first, and sometimes the only, banking touchpoint in remote areas. For India Post Payments Bank customers, access to cash is not just about convenience; it is about livelihood, financial security, and trust.

By replacing 1,000 ATMs in these locations, CMS is directly supporting financial inclusion, ensuring people can withdraw wages, pensions, and government benefits without disruption. Reliable ATM infrastructure reduces friction for rural customers and helps maintain the credibility of postal banking services.

### A reminder that cash infrastructure still matters

While India's digital payments story is extraordinary, the complete banking ecosystem must work in tandem. The country still records millions of ATM transactions every single day, and cash withdrawal continues to be a critical need during emergencies, for small businesses, and for rural consumers.

In that sense, the IPPB contract is not just about ATMs, it is about reinforcing the backbone of India's hybrid financial system, where digital and physical channels complement each other.

### Looking ahead

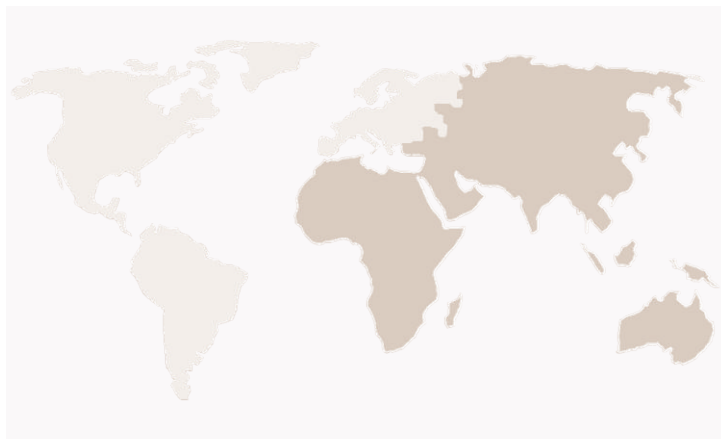
The ATM market in India is undergoing a significant transition: the total network has contracted slightly, many machines are aging, and banks are reassessing vendor partnerships. Against this backdrop, CMS's partnership with IPPB demonstrates the importance of reliability, scale, and operational strength in the cash ecosystem.

As these 1,000 new machines go live across the country, they will not only restore service continuity but also help modernise one of India's most trusted financial networks, the post office. And in doing so, they reaffirm a simple truth: in a diverse country like India, strengthening cash infrastructure is just as important as advancing digital innovation.

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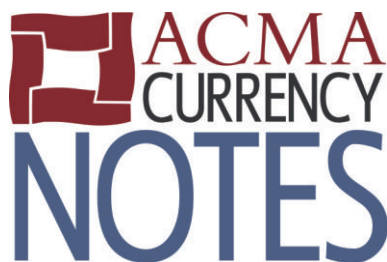
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