



## IN THIS ISSUE

<i>Changing the Currency Management Cycle</i>	<b>1</b>
<i>Achieving an Optimized Cash Processing Operation</i>	<b>4</b>
<i>APAC IntelliQ Retail Fraud Blog</i>	<b>7</b>
<i>Members' Newsboard - Latest Stories from ACMA Members</i>	<b>10</b>

## CHANGING THE CURRENCY MANAGEMENT CYCLE

HUSEYIN MEMIS | SHRAP



### Secure Logistics

The cash economy may not be as dominant in our current world as years gone by. Certain segments in the payment's community are even predicting its demise in the not too distant future. Irrespective of which side of the fence you sit on, there is no doubting that the "Good Old Days" of "Cash is King" is certainly behind us. Despite this fact, the requirement and dependence on some form of physical currency in our society will not be eradicated by alternate payment methods, emerging technologies or cash usage cultural shifts anytime soon.

The industry that facilitates the transportation, management, storage and security of this process is commonly referred to as the Cash Management industry. With its current heritage commencing in the 19th century, the methodology and processes utilised all those years ago, still bears the hallmark of what is practiced today.

Unfortunately, despite new technological advances, the Cash Management industry has remained relatively unchanged. We currently use legacy systems that have been in place for decades and despite some small changes to procedures, vehicles and training, the same methodologies in place since the 1970's and 80's are considered normal business practices today.

### Financial Institutions

Financial Institutions are rethinking, evaluating and creating services and new platforms to interact with their customers. Despite some of these new initiatives, a certain number of customers are utilising alternate platforms and technologies that prioritise digital transactions.

The current cost structure of most banks cannot be sustainable if payments and other business interactions are

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carried out digitally. Traditional institutions with physical locations have higher operating costs and more overhead compared with digital-first businesses.

The move toward digitalisation is making traditional banks less and less competitive in comparison with those institutions that are investing in technology. This means the landscape is changing for the ways in which companies interact with their banks. As this happens, the move toward digitalisation has, and will continue, to impact the cash value cycle.

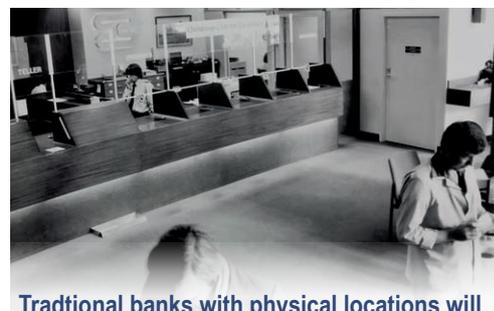
**An Alternate Approach**

In a world where everything is practically at our fingertips, the stagnation of our industry to adopt change or technology has remained at the forefront of many conversations with industry colleagues.

In my opinion, the Secure Logistics Market has not been able to identify key drivers of decisions, or lack of, that have ultimately contributed to our inability to keep up with ongoing change in trends, emerging technologies and other peripheral services that other industries have embraced and employed.

The global Cash Management industry is a mature market with defined boundaries and company's trying to outperform their competitors by using a plethora of orthodox and unorthodox methods to gain an advantage and increase a greater market share.

Despite this archaic approach proving some success for several CMCs in the past, the time has come to adopt a more fluid and agile approach to solving some of the inherent issues and pain points currently being experienced by customers across the world. Whilst implementing such a strategy, it will be important not only to consider what the competitors are offering to the market, but rather explore what the market is not been provided and create a platform of



**Traditional banks with physical locations will find their costs unsustainable when going up against digital-first businesses.**

bespoke solutions that customers may not even know existed, but will ultimately welcome due to solving a number of inherent issues that may remain unsolved.

**The Cash Management Strategy**

Understanding the customers' requirements, followed by identifying their pain points, is more than just information-based systems analysis. The requirement of a comprehensive plan commensurate with the customers own strategy is key to the successful implementation of solutions designed to mitigate or eradicate the pain points identified.

Whilst defining and creating an appropriate Cash Management strategy, an important consideration is when the service provided is at its most cost-effective.

The goal and consideration of any Cash Management strategy is to deliver what the customers want, when they want it and in a manner that does not compromise the safety and security of those directly or indirectly involved with the service. Other considerations may include, but not limited to; laws, regulations, guidelines, costs and other requirements necessary to undertake and deliver the designated service.

Developing the most appropriate and cost-effective Cash Management strategy requires the analysis of four distinct areas within the customers business:

**Strategic:**

By understanding the customers short to long term objectives, the Cash Management

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strategy can then identify and table how it will contribute to the success of those high-level objectives.

**Geographical:**

The Cash Management strategy should identify all geographical considerations that may play an important factor, including exact locations of current and future customer service points.

**Functional:**

The Cash Management strategy should include procedures and processes the customer and CMC will undertake and ultimately be responsible for to achieve functional excellence.

**Implementation:**

The key to developing a successful Cash Management strategy is how it is to be implemented across the both companies. The plan for implementation will include development or configuration of information systems, introduction of new policies, and procedures and the development of a change management and implementation plan.

**Creating a Lean Cash Management Strategy**

Understanding the effect and criticality

that time has on the overall success of the Cash Management strategy is of paramount importance. Assessing and analysing where standardisation is feasible and where customisation is required, is another key factor that will ultimately contribute to the success of the strategy.

Consultation and involvement of key staff members within both organisations will ensure positive buy in and create a culture of openness and transparency that will assist with implementation and ongoing support.

The initial step to implementing a lean Cash Management strategy is to evaluate and measure the effectiveness of the current service landscape. Identifying and creating a path of continuous improvement will also be a critical contributing factor to the overall success.

Value stream mapping (VSM) is a visual tool to define the current state of a company's Cash Management landscape and lays the foundation in determining the future steps required to implement the strategy. Value stream mapping identifies stakeholders, supply chains, time management, critical inventory such

as cash and coin requirements and current and future service levels.

With mapping the current Cash Management landscape, we can then draw on the various lean tools to design the future Cash Management and supply chain flow. This future state should include the infrastructure to support it: training, culture, quality methods, accounting systems, and investment policies.

**Optimising and Implementing a new Cash Management Strategy**

Past Approach	New Approach
1. Compete in existing marketplace	1. Create uncontested marketplace
2. Beat the competition	2. Make the competition
3. Exploit existing demand	3. Create and capture new demand
4. Make the value cost trade off	4. Break the value vs cost trade off
5. Align success strategy to pursue low cost	5. Align strategy to pursue differentiation and value

Source: Blue Ocean Strategy

**Do your cashiers use the machine – Or work the system?  
IntelliQ is an effective solution to detect Fraud at the till**



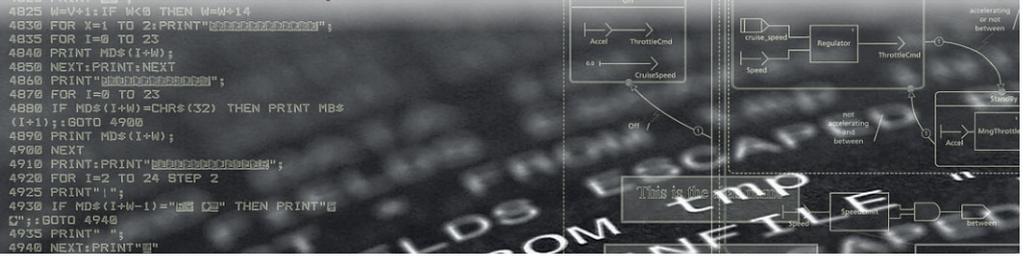
Spots the fraud



IntelliQ Asia Pacific Reseller  
www.spearpointsecuritygroup.com

# ACHIEVING AN OPTIMIZED CASH PROCESSING OPERATION

JOEP VAN DEN BRINK | PLANFOCUS SOFTWARE



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**AUTOMATION IS KEY TO DRIVE A MORE SECURE, EFFICIENT AND TRACEABLE OPERATION WHERE SECURITY BREACHES, SUCH AS LOSS OF CASH, REDUCED OPERATOR COST AND CAPACITY PLANNING ARE ON TOP OF THE AGENDA.**  
 ”

Cash Processing is about counting, sorting, packing and storing cash (banknotes and coins), and other valuables in secured vaults. Automation is key to drive a more secure, efficient and traceable operation where security breaches, such as loss of cash, reduced operator cost and capacity planning are on the top of the agenda. There are four main factors to consider when optimizing your Cash Processing operation.

Financial institutions and Cash Operators alike are constantly aware of the financial risks associated with handling day-to-day physical cash. The cost of Cash Processing can be as high as 20% of the total cost of cash operations.

Furthermore, across the globe, financial institutions are digitalizing their solution portfolio and digital payments are becoming more and more important putting even more pressure on the cost to handle cash.

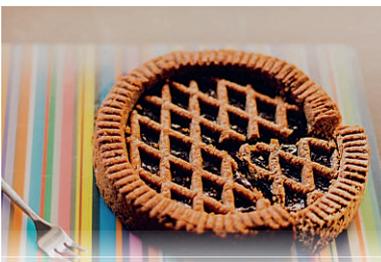
Cash Processing is part of the Cash Supply Chain and looks into the counting, sorting, packing and storing cash and other valuables in secured vaults. Around the globe more and more Cash Processing is outsourced to external solution providers, such as Cash Management Companies, Managed Service providers or via a Shared Services set up. The latter can be based on

different constructions such as for example:

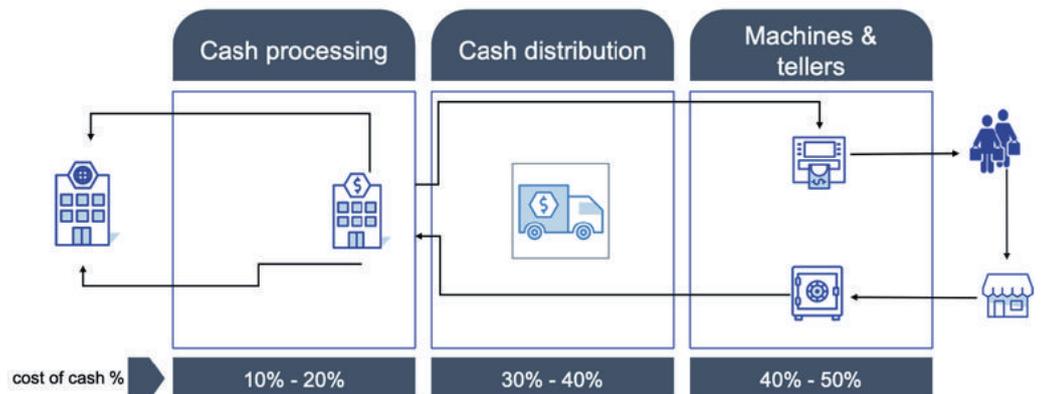
- A 100% devoted independent business unit of the bank focusing on the processing of cash, often combined with other services such as CIT and ATM Maintenance services
- or when banks join forces and set up a Cash Shared Service hub to get economies of scale
- or when Central Banks are stimulating the set up of MBCC's (Multi-Bank Cash Center) as part of the reform of Cash Circulation in the country

All stakeholders in the Cash Supply Chain cycle, namely Retail chains, Financial Institutions, Consumers and Cash Management Companies, have common goals when handling the cost of cash such as increased cost efficiency, end-to-end

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Cash Processing can account for as much as 20% of total cash operation costs.



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visibility and minimize human intervention.

Daily challenges that could arise when dealing with Cash Processing are among others:

- Do we have enough fit cash in stock to fulfil all orders?
- Do we have insight in the workload to be processed daily?
- How do my counting machine and packing operators perform?
- Can we real-time report the processed cash to our customers?
- Can we real-time report the inventory holdings to our customers?
- Can we track the order end-to-end?
- Why cannot I track my reconciliation cases end-to-end?

Irrespective of the Cash Processing set up and to mitigate the daily challenges to a bare minimum, it is important to follow a pre-defined workflow process in your Cash Processing operation and to implement software technology to have more automated, cost efficient, secure and visible Cash Processing operation.

### Automation

Automation in Cash Processing can have different forms and focus areas. 100% automation can act as the holy

grail with highly advanced cash processing operations such as smart conveyor belts, automated storage and material handling systems and robotic processing automation making human intervention obsolete.

A more common and affordable approach is to have a 'semi-automated' cash processing operation using software technology to track the service orders, such as ATM, Branch or Retail cash collection or delivery orders, from the moment it has been created, to the execution in the Cash Processing facility. A further often utilized practice is to connect with the cash counting and sorting devices in place, and to create automatic packing list for dispatch.

The benefit of tracking counted and packed consignments relates to inventory tracking as with this automation feature vault inventory can be tracked split per denomination and quality classes, often in real-time. This means you will know how much fit cash is available for distribution, how much cash needs to go back to the Central Bank, and you understand if there is enough cash to fulfil the daily orders.

### Cost Efficiency

Cost efficiency is always considered as a priority one KPI and a no brainer, however, implementing strategies to

reach cost efficiency are often not that easily done. What should you consider when optimizing your cash processing operation?

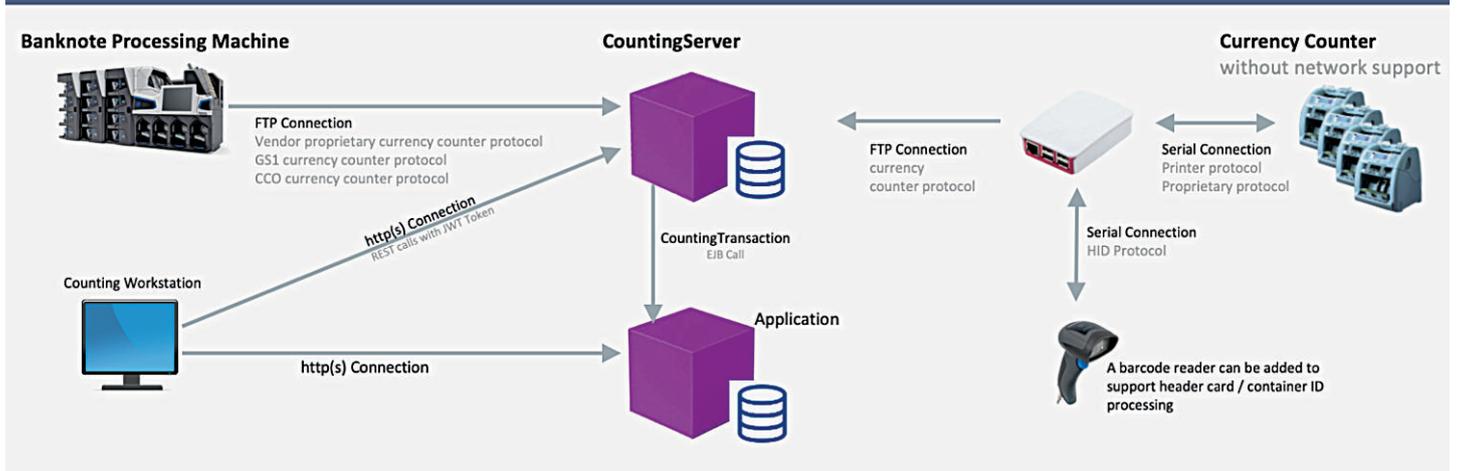
Cost efficiency in a Cash Processing facility is combining automation, security and tracking to have insight in the cost associated now and in the near future. With automated forecasted cash delivery and collection orders coming in for the next days or weeks, Cash Processing centers know if there is enough resource capacity now and, in the future, to perform the work to be done.

With counting machine integration, counting operator performance can be tracked and relevant questions are answered such as 'How many banknotes or coins is operator X processing on an hourly, daily, or weekly basis?' allowing the manager to have insight in the daily performance, he or she can then act accordingly to reduce the costs, such as smarter resource allocation and drive operator efficiency.

Automated packing list will make manual creation of packing slips obsolete and proper transfer of liability documentation is created with the possibility to sign off by the receiving party.

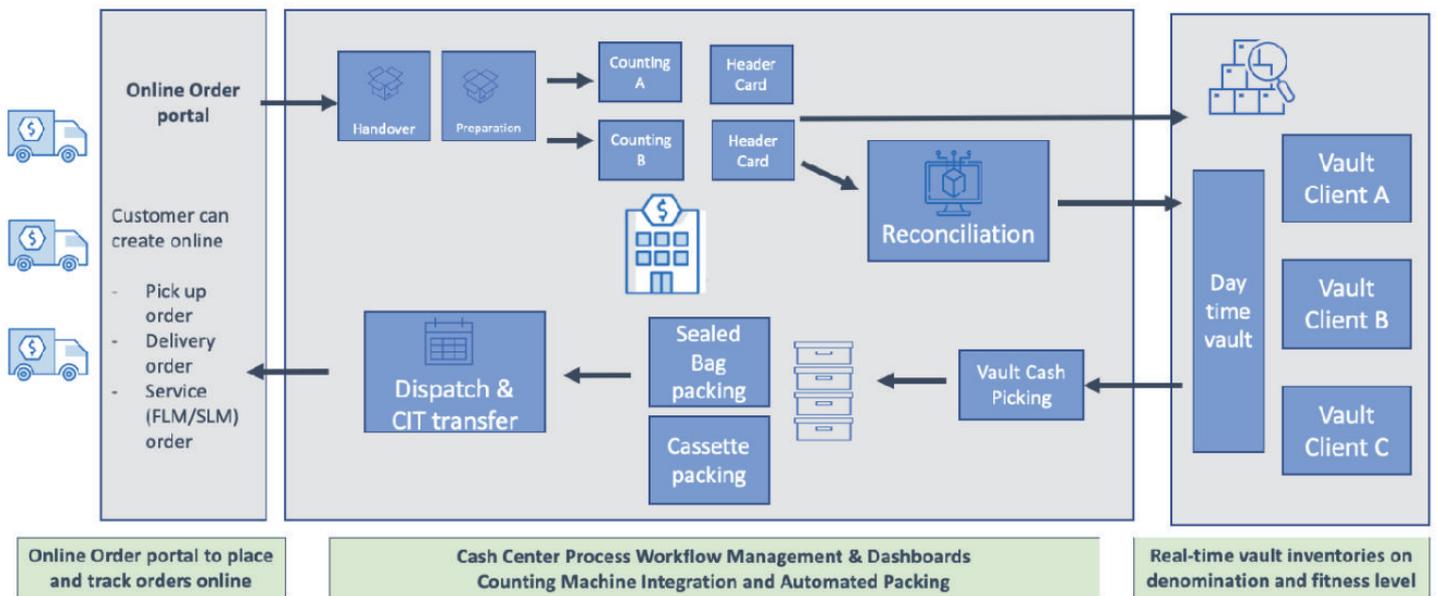
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# Counting Machine Integration





# Cash Center Workflow



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Software technology or automation will further stimulate an effective handling of reconciliation cases, such as when cash discrepancies are happening. From field experience we can state discrepancies and security breaches can take time to deal with, and customers require a full audit trail: in which part of the cash supply chain did the reconciliation happen? what is the amount missing? And who can be held responsible?

## Security

Security measurements are taken seriously within a Cash Processing center and most centers have sophisticated security measurements throughout the facility. In the cash counting and packing areas, CCTV camera's register every step in the process. But still, security breaches can happen, whether it is intendedly or unintendedly .

By combining handheld barcode scanners with software technology every step in the workflow process of a Cash Processing center can be tracked. From the moment it arrives at the cash center,

when the transfer or liability is being done, to the counting and sorting stations, to the movement to the secured vaults, and for the reserve when cash is being picked and packed from the vaults for dispatch.

Proper software technology will not only track the consignments throughout the Cash Processing life cycle but will also create timestamps of the operator dealing with the consignment at a given time in the Cash Processing center. In this way any security breaches or discrepancies can be easily tracked backed with the CCTV camera system and will stimulate a more secure and efficient process.

At the end of the day software can help provide a full audit trail with increased security with process checks.

## Visibility

Automation in your Cash Processing center facility can create the needed visibility in your Cash Processing operation. With the right software stack, you are able to have real-time insight in:

- Incoming and outgoing orders to be processed now and in the near future
- Subsequently you will understand if there is
  - 1) enough fit cash to fulfil all the orders of today and tomorrow, and
  - 2) if there is enough resource capacity to do all the necessary counting and packing work.
- Software technology will give you real-time multi customer inventory visibility, counting and packing operator status, and detailed overview of container movements within the facility.
- Further, proper software technology can do real-time cash reconciliation and discrepancy handling, tracked per order and seal.

At the end of the day, you as the Cash Processing manager need to have the visibility on all these matters in one overview to make well thought decisions, and to report in real-time on current inventory and Cash Processing status to your customers.

# APAC INTELLIQ RETAIL FRAUD BLOG

MARK EARTHY | MATRICA



## Introduction

The Asia-Pacific (APAC) region is not immune from the global rise in retail shrinkage of all types, but Point-of-Sale (POS) till fraud is the area where the data collected can be used to quickly and effectively detect the fraud. Although several Asian countries are managing to stay at or slightly below the global shrinkage average, in absolute terms their losses remain uncomfortably high. Despite this, many APAC retailers continue to fight till fraud using standard techniques. As fraudsters become more sophisticated in their approach, traditional detection and prevention methods are no longer adequate. We believe they will need to be enhanced, or even replaced, by new techniques based on data analytics.

In the first of a two-part article, we'll review the established methods used in APAC to fight till fraud, and comment upon



Till fraud is one of the major components of retail shrinkage.

their shortcomings. In the second part, we'll present the opportunities offered by POS data analytics in the development of new fraud detection techniques.

## Till Fraud in APAC is increasing

Retail fraud continues to grow in the APAC region. The picture is mixed across individual countries, with some managing to stay below the global shrinkage average. Even so, losses are mounting to the extent that APAC retailers cannot remain complacent and not tackle the problem.

Till fraud is one of the main components of retail shrinkage, accounting for around 30% of the total. As till fraud continues to expand in line with retail shrinkage, its growth leads to the unpalatable conclusion that either the number of fraudulent staff on the team is increasing or a constant number of fraudulent staff are stealing more and becoming much more adept at avoiding detection. No company likes to think that some of their staff are dishonest, but the numbers speak for themselves.

## Over-reliance on standard techniques

Many APAC retailers continue to fight internal till fraud using established standard techniques, such as:

- Balancing the cash in the till at the end of the day or shift, and charging the cashier for any shortfall in the balance;
- Recording the till area via CCTV, and attempting to correlate the cashier's behaviour with any anomalies in the transactions, such as under-ringing, or voiding transactions but allowing the

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“ AS TILL FRAUD CONTINUES TO EXPAND IN LINE WITH RETAIL SHRINKAGE, ITS GROWTH LEADS TO THE UNPALATABLE CONCLUSION THAT EITHER THE NUMBER OF FRAUDULENT STAFF ON THE TEAM IS INCREASING OR A CONSTANT NUMBER OF FRAUDULENT STAFF ARE STEALING MORE AND BECOMING MUCH MORE ADEPT AT AVOIDING DETECTION. ”

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customer to take the goods anyway;

- Relying on honest staff to report on their dishonest peers.

Unfortunately, these traditional techniques are becoming increasingly ineffective against the modern till fraudster.

### Methods of evasion

So how do cashiers get around the traditional fraud-catching techniques?

The starting point is simple - even the most basic fraudster is aware that they are the subject of some kind of surveillance, and soon develop a basic knowledge of how their employer's existing security controls and techniques operate. If not caught early on in their careers, they may graduate to a level where they know more about the weaknesses of the security system than the designers, and circumvent it with ease. Alternatively, they may go on to become part of an organised team that colludes (possibly with outside help) to defeat internal security.

Balancing the till at the end of the day or shift is a good start to fraud detection, but a balanced till does not mean that no fraud occurred, it just means that the ins

and outs recorded on the till roll are balanced with the contents of the drawer. Incoming payments by cash, card, and low-value sales can easily be manipulated at the hands of an expert user. Outgoing payments through voids, refunds, returns, under-ringing, and the misapplication of public and staff discounts can easily be aligned with incoming payments to give the illusion of a balanced till.

Using CCTV to monitor the till area isn't always practical. Placement of the camera to get a full view may not always be possible, and any skilled fraudster could conceal their movements, or at least introduce a degree of ambiguity to throw the pursuer off their trail. Continual analysis of all CCTV footage is not practical, so would only be referred to after the fraudster had already aroused suspicion. Where CCTV storage capacity is limited and subject to regular purging, the window of opportunity to catch a suspected till fraudster on film may be too short to be effective.

Reliance on honest staff 'whistleblowing' on their fraudulent peers is fraught with difficulty. Globally, some cultures frown upon persons acting as informants no matter how noble their intentions. Honest staff may be



**Internal policing may not always work as well as one might like — honest staff could be ostracised for whistleblowing, or intimidated into maintaining their silence.**

intimidated into remaining silent, or in extreme circumstances, be incentivised to join in the fraud. If the suspected fraud reaches the investigation stage, there are always the legal issues around managing the evidence and dealing with false accusations that may be motivated by personal issues broader than those confined to the workplace. Some companies may fear true discovery of how deep retail fraud has penetrated their organisation because of the threat to reputation.

Not all fraudsters operate alone. Some may involve family, friends, even colleagues to operate schemes such as under-ringing, abusing discount coupons, use of fake coupons, returning discounted or even stolen goods for a refund at full price. More organised fraudsters will operate with persons with whom they have no visible personal connection. This type of fraud based on collusion would fool most CCTV or security systems, as there is nothing overtly suspicious to see.



**CCTV can be helpful — but due to several limitations, it is not always practical in detecting and deterring fraudulent employees.**

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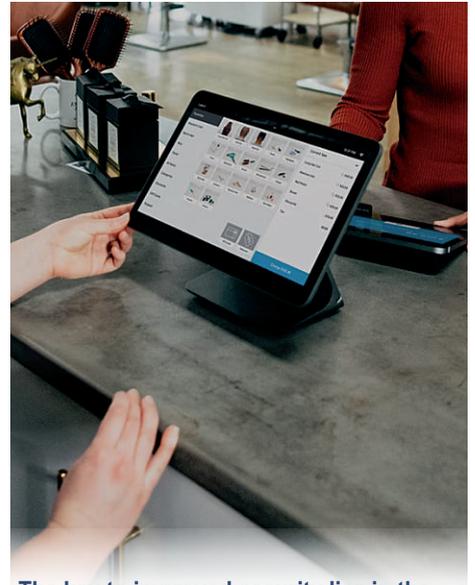
### A new approach is needed

In conclusion, APAC retailers are finding that traditional techniques for combatting till fraud are becoming less and less effective against increasingly sophisticated till-users who possess a knowledge of in-house security systems arguably greater than that of the security staff.

That said, modern tills create huge amounts of POS data that can be used by linear programming and electronic surveillance technologies. The only effective countermeasure is to

supplement, even replace, traditional techniques with one based on detailed analytics of till data.

In part 2, we'll focus on the use of POS data to resolve this and prevent retail shrinkage and see how till fraudsters tend to leave characteristic traces or patterns of their activities in the POS data that can be detected using data analytics. Indeed, we believe that deploying till fraud-prevention systems based on pattern-recognition technology is the best way forward to fight retail shrinkage in the APAC region.



The key to improved security lies in the vast POS data generated by modern tills.



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# MEMBERS' NEWSBOARD - LATEST STORIES FROM ACMA MEMBERS

## BENEFITS OF IBNS "INTELLIGENT BANKNOTE NEUTRALIZATION SYSTEM" FOR CASH MANAGEMENT COMPANIES

### OBERTHUR CASH PROTECTION

- IBNS protection can be used at all stages in cash management: cash centres – transport vehicles – across the pavement – at the ATM - across the bank branch floor or a shopping mall. The IBNS approach is simple; on the threat of an attack using indelible ink to mark banknotes as stolen, once the notes are stained there is no longer value of the notes hence criminals realize that it is not worth the risk of the attack.
- What are the benefits moving towards IBNS: Improved safety and reduce operating costs.
  - IBNS improved safety as operatives do not need to physically defend the carry cases when attacked as the IBNS system will activate as soon as the criminals try to open them or move them a specified distance from the vehicle/operative or they can be remotely.
- Reduce operating costs is important to take into consideration as moving forward to lighter vehicles instead of armoured vehicles and this can be seen in Belgium, Sweden, France.
- To meet this changing environment the CiT industry cannot rely on the use of ever-increasing levels of armour and firepower of the guards. IBNS enables the industry to be more flexible to meet the more demanding customer and economical



requirements that it increasingly faces. By looking towards Europe, you can see how IBNS systems are being utilized to meet this challenge.

For more details, please feel free to visit our [website](#), [linkedin](#) page for latest update.

Write to us at [ocp@oberthurcp.com](mailto:ocp@oberthurcp.com)

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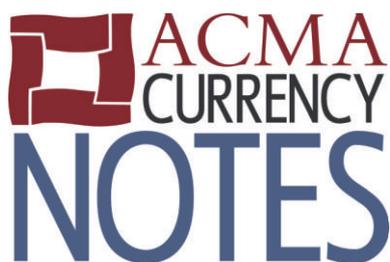
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## *Mission*

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.

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## *Contributors to this issue:*

- Huseyin Memis
- Joep van den Brink
- Mike Earthy