

ACMA CURRENCY NOTES

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IN THIS ISSUE

Cash Reinvented	1
Members' Newsboard - Latest Stories from ACMA Members	4

CASH REINVENTED

JIM HALPIN | COMPUFLEX RETAIL TECHNOLOGY



Cash Reinvented.

While alternative payment methods continue to erode retail consumer cash transactions, slower economic growth, natural shocks, and a demographic shifts could add pressure to increase the use of cash in the near-term. Demographic shifts warn of an aging population and an evolving labor pool may turn to the use of cash not decrease it. Unfortunately cash processes haven't kept up to date in a modern world of frictionless transactions, but newer technology is reinventing cash.

Free and Easy Cash Transactions

Cash is free of fees, social stigma, is easy to budget, available to everyone, self-controlled, and has no credit limits. Cash is not subject to third party system availability, commercial limits, or debt traps. It is a fast and easy consumer retail payment.

So if cash is a fast and easy payment media, what's the problem?

One way to view problems with cash is to understand the root causes from payment to banking.

Ding

The opening of a till cash drawer initiates the problems with cash. The bell was added to cash drawers in 1884 to warn managers the drawer was open and cash exposed. Today, If you accept cash as form of payment daily someone in every store is resetting start banks, picking up cash from drawers, reconciling final turn in, preparing bank deposits, and auditing counted results to POS totals and bank statements. All that handling exposes cash to theft and shortages plus hours of time away from customers to count, recount, merge, order change, and balance store cash positions. The same ding of the bell of 1884 warns us today a

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consumer cash payment is starting a cycle of cash control from the till to the bank demanding our attention.

Containment and efficiency

Good cash security and accountability policies require early containment to improve security with controlled accountability points. In any security process containment as early as possible is crucial. Cash in cash drawers is at risk from robbery and internal theft with every opening operation. Efficiency requires reducing human handling and counting as close to consumer payment as cost effectively possible, capturing data as early as possible, and using it to support accountability, balancing, and reconciliation. Retail formats and needs vary greatly, and cash issues and solutions vary as well. No one solution fits everyone depending on store format, risks assessments, and the amount of cash payments due to demographic and average basket sales. Cash handling, theft, and inefficiency issues exist at any retail location that accepts cash, but resolving them must be directed to specific requirements, and importantly be cost effective.

Some advocate refusing to accept cash as a panacea, but removing the choice of paying with cash negatively impacts customers, and is illegal in some jurisdictions.

Cash works but we need to make it work better.

Solutions range from Point of Sale automation including self-checkout or cash recyclers for consumer payment at POS, smart safe deposit machines, or back office till management solutions to automate daily cashier cash handling.

Self-Check Out

Traditional staffed check out and cash drawers are making way for automated check out to reduce staffing requirements, theft, and costly cash handling.

Self check-out machines are growing in popularity to manage labor shortages and as consumers migrate to them verses manned check out counters. The machines allow consumers to skip long lines, and stores to limit cash in POS cash drawers, as well as expedite end of day reconciliation. Of course most store formats using self check out

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It is necessary to reduce human handling and counting in order to mitigate security concerns associated with cash .

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Automated check out machines are able to reduce the need for labor and limit cash in POS cash drawers - while at the same time offering convenience to the customer by allowing them to skip long lines.

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include staffed POS, and the expensive machines may not be good fit for smaller format stores.

Many formats with fixed menus are now installing Kiosks to allow consumers to select and pay. Average basket values increase when kiosk are deployed, and not surprisingly a substantial increase in usage when kiosk include cash payments as consumers that tend to use cash migrated to the machines. Kiosks with cash and other forms of payments add customer convenience, reduce staffing requirements, and reduce the cost of handling cash.

Point of Sale

POS Cash drawers full of cash are exposed to robbery, internal theft, errors that slow customer transactions, and require several steps to verify counts, pick up cash, reconcile with POS, reset start banks, and balance cash positions. New technology varies from small POS cash recyclers using payment terminals . The small recycler handle cash and coins and eliminate most cash handling with the exception of loading small denominations for change, and bank deposit. Interfaced with POS the machine assure correct payment and change back, and reconcile with POS.

Small inexpensive smart safes at POS allow cashiers or bud tenders to place high denomination cash in the smart safe as a pick up for later consolidation, or when interfaced with POS allow cashiers to place high denomination notes in the smart safe during consumer transactions. Both approaches immediately secure cash, and substantially reduce the end of daily cash consolidation, and reconciliation.

Near the Point of Sale

Store formats using counter sales benefit from a cash recycler or smart safe that all cashiers can access during

consumer transactions. One system can include all cash and coin counting for several cashiers reducing overall cost while providing the same benefits as POS cash recycling. Each cashier accepts cash from consumers and places it in the cash recycler shared with another cashier placed between them, or several cashier accessing a cash recycler placed behind them turning to use it as consumers pay. Near POS installations secure cash from theft and internal shortages, speed consumer cash transactions, reduce cash handling labor, and can be configured for provisional bank credit expediting deposits, and reducing CiT deposit pick up fees.

Back Office Cash Operations

Tried and true back office cash recyclers issue cashier start banks at the beginning of shifts, and count cash at final turn in. During the day pick ups can be counted, and cash exchange if lower

denominations are required at POS. Cash is automatically consolidated and end of day reports include cashier activity, cashier balance, and cash position.

Finding the right fit

- Evaluate store cash operations, and shortfalls.
- Is cash contained and accountable at each step?
- Is staffing an issue?
- Robbery risks an issue?
- Shortages an issue?
- Too many people involved handling cash?
- Daily cash reconciliation and issue?

Check solutions that matter to your cash operations with the following table to isolate solutions that resolve them.

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	Self Checkout	Interface POS recyclers	Interfaced POS smart safe	POS smart safe w/o interface	POS shared recycler	Back office till management	Back Office smart safe
Containment @ each step	Y	Y	Y	P	Y	Y	P
Accountability @ each step	Y	Y	P	N	Y	Y	P
Staffing issues	Y	Y	Y	P	Y	Y	P
Customer payment friction points	Y	Y	N	N	Y	N	N
Robbery risks	Y	Y	P	P	Y	P	P
Internal shortages	Y	Y	Y	Y	Y	Y	Y
Excessive counting and handling hours	Y	Y	Y	Y	Y	Y	Y
Excessive reconciliation & balancing hours	Y	Y	Y	Y	Y	Y	Y
Deposit discrepancies	Y	Y	Y	P	Y	Y	Y

Y - Yes, N - No, P - Partial

Conclusions

- Cash remains an important payment media for some demographics, and market segments. Cash isn't going away, and in difficult economic times increases. Be prepared.
- Plan to shift cash handling work away from supervisors, managers, and cashiers to improve security, efficiency, and customer journeys.
- Use the solutions table to help decide cash handling issues and solutions that are a good fit for your cash operations.
- Plan ahead not behind. Don't restrict plans to resolve yesterdays or todays cash handling problems - plan ahead. Consider customer preferences and trends for self check out, kiosk usage, and frictionless customer journeys.
- Balance benefits with verifiable ROI calculations. Divide the total cost of proposed solution by anticipated labor savings, CiT fee reductions, shortage and deposit variance fees to compare



Cash remains important for some demographics, particularly the elderly — making it increasingly vital as most regions shift towards an aging population.

solutions.

- Get help. Cash automation manufacturers, software companies, industry associations, and consultants are a good source of information and often will analyze your cash operations as part of proposals without charge.
- Take in a retail operations industry

trade show, read industry journals, and talk to your bank about how they handle cash.

- Start now. If you have not reviewed your cash handling procedures in the last two years you are likely losing money and behind competition.



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MEMBERS' NEWSBOARD - LATEST STORIES FROM ACMA MEMBERS

END-TO-END AUTOMATION IN THE CASH CYCLE

G+D

Integrated automation in cash processing systems has enabled a volume of banknotes weighing the same as an Audi A1 sedan to be accurately processed in an eight-hour shift on a single high-speed processing system. Extending such automation, and its accompanying efficiency gains, to entire cash centers, or across the entire cash cycle, is no longer just a pipe dream. However, new milestones in intelligent automation won't be reached unless players in the currency industry undergo a mindset shift to think in terms of end-to-end environments.

When it comes to cash automation, engineers no longer think about a standalone machine, but rather in terms of the entire cash center process. However, to continue advancing, Christian Huber, Head of Business and Product Management – Business Line High-Speed Processing Systems, G+D, believes that it must go even further.

“We must consider where cash deposits are coming from and who will need the processed cash next, for which purpose. All members of the value chain need to become more integrated and operate highly automated and digitalized



Integrated automation in cash centres increases productivity and streamlines processes throughout the entire cash cycle.

solutions that seamlessly fit together to create a more holistic, efficient cash cycle.”

To learn more, read the full article [here](#)

NEUTRALISING ATM FASCIA ATTACKS

OBERTHUR CASH PROTECTION

Logical attacks are becoming all too familiar with ATMs cashing out ‘Jackpotting’ as criminals load malware on to ATMs that do not have the appropriate security measures in place.

Usually criminals cut thru the ATM fascia, accessing the internal infrastructure to cash out the dispenser.



It is possible to detect when the ATM fascia is being attacked and close down the dispenser, protecting the cash.

‘Blackbox’ attacks are just the latest fraud method, proving to be as successful as card skimming or network-based attacks.

There are some very simple logical preventative measures such as installing anti-malware software or hardening the disk.

Some ATMs designs are more vulnerable to Blackbox attacks – controller to cash dispenser messages are not encrypted, unused USB ports are not disabled, meaning that they are far more open to cyber-attack.

By implementing these preventative measures, malware and logical attacks

across Europe have fallen in H1 2022, by 82%, from 33 to 6.*

To stay ahead of the criminals means keeping these logical deterrents always up to date, a constant task. However there is a physical measure that deters the attack in the first place by detecting when the ATM fascia is being attacked and closing down the dispenser so no cash is dispensed. An example of this protection is Oberthur Cash Protection's Tamper Proof Fascia system.

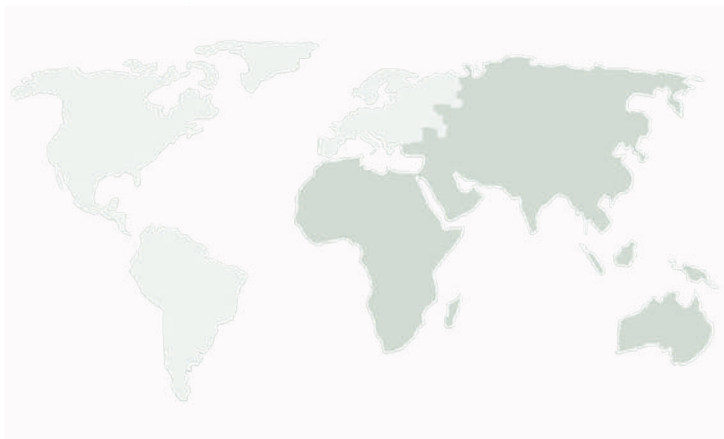
*The reference for these figures is the EAST Crime Report published in 2022.

To learn more, visit the Oberthur showroom [here](#)

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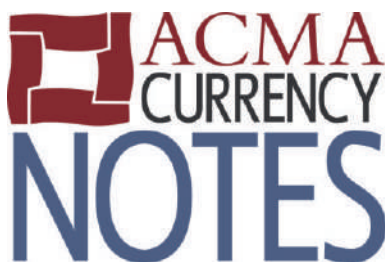
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To provide a platform for Cash Management Companies (CMCs) in Asia, Africa and Australia & Oceania to raise their professional reputation and standing in the Cash Handling and Cash Management Industry, and to act as a representative with the appropriate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

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