

NCR PERSPECTIVE

Cash management: It's about time

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Smart financial institutions are turning to cash recycling technology and management tools in order to free up tellers' time

Around the world, the deployment of Intelligent Deposit ATMs continues to pick up speed. For a variety of reasons, however, there will always be customers who walk past the self-service option, choosing instead to deposit or withdraw cash at the teller counter. Whether this is because they need to carry out multiple transactions or simply aren't comfortable with the technology, this behaviour presents an ongoing challenge for banks who want to move their branches away from transaction-centric operations to sales-centric environments that positively contribute to the bottom line.

More than ever, financial institutions are operating in a cash-intensive environment. With uncertainty in the credit market and the ongoing need for institutions to operate efficiently, all eyes turn to the branch to deliver growth. Smart financial institutions are turning to cash recycling technology and management tools in order to free up tellers' time, to enhance customer service and to grow revenue.

The opportunity in the branch is significant. Research from Accenture suggests that between 60-70% of sales take place at the branch. Aite Group research indicates that the importance of the branch as a venue for sales is set to continue, particularly for key market segments such as the affluent and emerging affluent.

With tellers already strapped for time, however, and workforce expansion out of the question, it is natural for branch operations managers to view 'efficient growth' as an oxymoron. Where can financial institutions find increased transaction volumes and sales without dramatically increasing costs?

As in many cases, the answer lies with the branch employees themselves. It is simply a matter of finding the technology to empower them.

'Time is our most precious commodity'

Perhaps nowhere is the value of time better understood than in the branches of financial

institutions. Customers want to be served quickly and their demand for speed matches the cost and productivity objectives of the teller workforce. Customers are searching for faster, more efficient transactions, whether that is an increased reliance on online banking, increased use of self-service or less time spent waiting in the branch. In fact, according to a recent NCR survey, more than 75% of European consumers said they were becoming less patient about queuing for service and 64% said they have walked out of a location through queue frustration. Meanwhile, financial institutions themselves are feeling the time crunch. According to NCR research, up to 60% of branch-based activity is related to the deposit and withdrawal of cash, while 90% of teller time is spent on these transactions. This leaves tellers spending less than 10% of their time on sales and service. This conundrum creates an inefficient enterprise; the financial institution's most valuable growth asset – its employees – performing the least value-added tasks.

NCR estimates that an average cash deposit transaction at the teller takes 4 minutes 50 seconds, and a cash withdrawal 2 minutes 30 seconds. These figures have implications for the number of tellers required in order to ensure a smooth service during peak hours. All of this adds up to a need for increasing the efficiency of the teller and hence the quality of the time customers spend in-branch.

Branch efficiency is always a priority, but gains further importance in the current economic climate as cash in circulation continues to rise, with some countries seeing calls for further cash to be printed.

Retail branches offer the most personal and dynamic opportunity for financial institutions to interact with their customers and to grow organically. Cash management technology enables employees to spend more of their time setting up new accounts, cross-selling new services and up-selling customers to higher value products. Teller Cash Recyclers (TCRs) can free tellers from the burden of the



counting process and allow banks to focus on hiring tellers with relationship building and selling skills rather than proficiency at counting cash. This strategy is similar to the environment NCR sees in its retail business, as general merchandise and speciality retailers are redeploying their workforce away from the checkout counter and into the store to assist customers.

What to look for in TCRs

Beyond the customer service and teller efficiency advantages, TCRs lessen the amount of cash required at the branch and improve security with lower drawer balances. This reduces the time needed for the branch to be balanced at the beginning and end of the day and for intraday replenishment of notes. It also reduces cash discrepancies that can negatively affect employee turnover. Since the cash received is being reused, TCRs lower the number of vault buys and sells and the need for constant access to the branch safe. In fact, NCR's Cash Recycler can minimise cash exposure time by up to 50%.

Moreover, according to NCR business impact modelling, cash management technology can help financial institutions reduce costs by an average of €43,000 per branch.

So, with all of those advantages in mind, financial institutions should consider the following points when evaluating TCRs:

- **Size:** In today's space sensitive branches, identifying small-footprint teller automation technology gives branches more flexibility in design, especially for open-plan layouts that help transform the customer experience.
- **Reliability:** Cash handling is mission critical to the branch, so TCRs need to deliver maximum availability. Consider the machine's complexity and the ability of your staff to fix minor errors quickly (such as note jams) when making your purchase.
- **Service and flexibility:** NCR's Cash Recycler portfolio uses rolled storage module (RSM) technology, the most proven technology in the market for handling street quality or poor quality notes. RSMs have the ability to recycle a greater number of note denominations and handle multi-currency denominations, as well as and the ability to reassign storage modules more quickly and simply than on competing technology, notably cassette-based devices.



Software ties the solution together

Finally, hardware alone is only part of the solution towards improving cash management in the branch. NCR continues to invest in its cash management technology portfolio, recently acquiring Network Control International Ltd., the world's leading deployer of teller automation software.

The NCR APTRA™ Cash Connect is a feature-rich, multi-vendor software solution offering either online or offline connectivity to teller automation devices from NCR and other vendors.

Additionally, NCR continues its ongoing development of industry-leading TCR and self-service management solutions, recently introducing NCR APTRA Vision, a next-generation management and decision support system that correlates data from multiple types of assisted- and self-service devices, along with other data sources, to provide greater visibility of the channel. APTRA Vision makes data accessible to all levels of users within a financial institution in or near to real time using a graphical Web interface.

APTRA Vision can correlate device-driven operational data with information on transaction volumes, values, types and times across channels. By combining the branch and ATM locations with this data on geographical maps, business managers can instantly view customer demand trends. This can enable them to identify where they can introduce new services – such as bulk cash and cheque deposits at the ATM – to free up headcount in branches to meet with customers who want product advice.

As institutions seek to ride out the current economic storm, smart banks will be investing in solutions that offer the opportunity to both improve efficiency and enhance customer service. When it comes to your branch network, now is the time to be investing in teller cash recycling. ■

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