

**WINCOR NIXDORF PERSPECTIVE**

# Cashing in on efficiency

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Although the frequency of non-cash payments is growing globally, cash remains the world's number one payment method. Statistics compiled by the European Central Bank and the US Federal Reserve show that 9 in 10 payment transactions worldwide are still made in cash. Furthermore, more than half of bank customers interviewed by the consulting firm Ernst & Young view the ability to withdraw cash as a key driver of trust in their financial services provider. As David Wolman so elegantly put it in his book *The End of Money*, "You can't overstate cash's staying power; it's a marvellous technology."

Offering cash, however, comes at a cost. The banknote specialist Giesecke & Devrient estimates the annual cost of cash-handling in Europe and the United States at more than \$60 billion, and as much as \$300 billion globally. The costs pile up not only from managing ATM networks, but also from committing financial and human resources to transporting, counting and sorting banknotes and coins, as well as securing both. Such costs also bring challenges, especially when banks are under pressure to streamline operations for competitive reasons.

There are many ways banks and other cash suppliers can optimise their cash supply chain to master these challenges. They include reducing external costs such as logistics and improving ATM service availability. But the best means to slash costs, experts agree, is for cash providers to move fully toward automated cash management, a step that essentially requires migrating cash withdrawals and deposits from the counter to self-service.

Wincor Nixdorf enables such end-to-end optimisation through its 'True Cash Cycle Management' programme. The innovative programme can deliver significant benefits, including a minimum 20 percent savings in total cost of ownership with the help of cash recycling solutions, and up to a 75 percent reduction in cash replenishment efforts. In a nutshell, it's a win-win option for financial service providers and their customers alike.

**Convenient access to cash**

A first step in the journey to process optimisation is to provide easy access to cash. Convenient, mono-functional ATMs allow customers to fetch cash 24/7 in both urban centres and rural areas, as well as in developed and developing markets. Also, banks are responding to digitalisation by integrating mobile technologies into their services. So-called 'digital natives', who have grown up with digital and mobile technologies, are keen to use innovative cash services enabled by these technologies.

Near Field Communications (NFC) and QR codes, for instance, allow technically savvy bank customers to use their own smartphones to interface with cash dispensers. With the help of these technologies, they can conveniently prepare their transactions on the way to the ATM by generating a QR code on their smartphones to identify themselves quickly and securely at the terminal – with no need for a card or PIN. NFC technology can be used as an alternative to the QR code.

Demand for 'mobilised customer experiences' like these are clearly on the rise. According to the *2015 World Payments Report* compiled by the consultancy Capgemini and the Royal Bank of Scotland, smartphone-enabled payments rose last year by 8.9 percent to nearly 390 billion transactions. Wincor Nixdorf's smart ATM CINEO C2020 is an ideal system for the growing number of digital natives who are increasingly using their smartphones as an interface with an ATM. The solution can also be used to dispense cash to third parties.

**Optimisation through recycling**

A second key step in the optimisation process is cash deposit and recycling, as well as teller automation, which involves automating counter transactions as well as migrating routine counter cash-in and cash-out tasks to self-service. Here, intelligent deposit and cash recycling solutions play a crucial role. They optimise cash replenishment processes and thus help lower cash-handling costs by reducing the number of CIT (cash-in-transit) service trips.

Russia's Leto Bank, for instance, cut its cash

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management costs in half after installing Wincor Nixdorf's cash recycling ATM systems in its branches. These allow the bank's customers to withdraw banknotes previously deposited into the recyclers by other customers. The technology also enables bundled deposits and withdrawals of up to 200 bills per transaction instead of the former 40 per bundle at regular ATMs.

Leto Bank found that in one case, a single cash recycling system was able to operate for seven months without replenishment, compared with two to three CIT visits per month with a typical ATM. The total volume of withdrawals at this machine exceeded the initially loaded cash volume by 16 times owing to recycling of customer deposits.

#### **In-branch cash streamlining**

The third step for innovative financial service providers is the move toward in-branch recycling solutions. These are based on Wincor Nixdorf's unique intelligent banknote storage concept, which makes it possible to exchange cassettes between devices from its CINEO family of systems. An intelligent memory chip in the cassette provides information not only about the level of cash inside a recycler terminal, but also where and when the cassette was used or opened. Within this closed cash cycle, banknotes deposited in an automated teller safe or cash recycling terminal can be made available again for dispensing from ATMs by easy cassette swapping. In addition to the shortened cash logistics chain, an audit-compliant closed cash cycle considerably reduces errors, balances cash-negative

and cash-positive environments and can generate at least 20 percent savings in cash-handling costs. As cash is recycled, it also eliminates the need for a vault or night safe, thereby reducing complexity and risk. Business processes based on minimum manual cash handling – or even zero contact with cash – deliver robust protection from physical, logical and fraud attacks.

The Gütersloh Savings Bank in Germany is an example of a financial institution that significantly lowered its cash-handling costs – by as much as one third – after implementing Wincor Nixdorf's intelligent in-branch cash-cycle management solution powered by CINEO technology. The bank and its IT solutions provider also collaborated to develop a software application that optimises cash replenishment and collection in the recycling terminals. The software delivers a status report on cash levels in every cash cassette at the start of every work day and also provides a five-day cash requirement forecast.

Wincor Nixdorf has extensive and unrivalled experience in deploying intelligent deposit and cash recycling systems to optimise cash handling in the self-service zone and the front office. Its end-to-end solutions can be quickly and cost-effectively configured to meet individual needs. The company has nearly 40 years of experience partnering with customers, providing them with solutions that range from easy and seamless cash transactions through to self-service migration and in-branch or in-store cash recycling. ■

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