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Recycling is fundamental on the journey to cash automation

By Stephan Okroy, Global Business Development Lead, True Cash Cycle Management, Diebold Nixdorf

In the complex, ever-evolving financial ecosystem, the most enduring element continues to be cash. Despite the myriad of payment methods now at our disposal, consumers still rely on cash as the simplest, fastest, most secure option in their wallets. According to the European Central Bank and the Federal Reserve, nine out of ten payment transactions are handled in cash.

The continued affinity for cash, coupled with the proliferation of self-service systems and the expansion of services and transaction sets, is making cash handling more complex – and more costly – than ever before. This dynamic is driving financial institutions to examine their cash cycles and consider strategies for optimisation. Cash automation has become the ultimate destination, and the journey to get there involves an intricate balance of consumer insight, transaction data, technology, processes, inventory, cash-in-transit costs and interest rates.

Every financial institution is somewhere on the journey to cash automation, and no two journeys are the same. But regardless of how the roadmap, size, sophistication or maturity may vary, one element is fundamental to the cash automation journey for every financial institution: cash recycling.

Two of the most significant milestones in the cash automation journey are the migration of cash deposit transactions and the streamlining of cash replenishment activities. Both can be achieved through the introduction of cash recycling. The case for cash recycling systems is compelling. Datamonitor estimates that cash management for non-recycling ATMs accounts for an average of 48% of ATM operating costs worldwide. This leaves significant opportunity for improvement. And the benefits go beyond cash management savings. Recycling also delivers:

- Maximised cash availability
- Reduced cash inventory/interest expenses
- Elimination of redundant equipment and associated costs such as night safes and counter security
- Optimised human resources, creating more time for enhanced customer interactions
- Increased efficiencies of the cash replenishment planning process

For all of these reasons, recycling is the most valuable approach for enabling the journey to cash automation. Yet in Diebold Nixdorf's work in more than 70 countries around the world, we've found that the effective implementation of recycling can be one of the biggest challenges financial institutions face in their pursuit of cash automation. That's because, in large part, financial institutions have traditionally approached recycling as simply the addition of another type of ATM. The focus has been on offering features such as greater cash availability and around-the-clock deposits to their customers. But what they need to remember is that recycling transcends the self-service channel. It can deliver broader benefits to a financial institution's operation, making implementation about much more than simply the addition of a new type of ATM.

The introduction of cash recycling systems can and should be part of a meaningful shift in how banks do business and direct their customers to transact. Beyond the deployment of new ATMs, it entails transformation of business processes, a new paradigm for operational efficiency, an evolved channel strategy, transaction migration, refined resource planning, consumer education, training and more.

Diebold Nixdorf was the first to introduce and implement recycling in Europe, and we're on our fifth generation of recycling technology around the globe. With our experience working with financial institutions to plan, implement and manage recycling capabilities, and a portfolio that includes the broadest range of systems, software and services, we can serve as a valuable partner in setting a foundation of recycling and creating a roadmap for cash automation.

To learn more about the journey to cash automation, visit DieboldNixdorf.com/TCCMRBR ■

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