

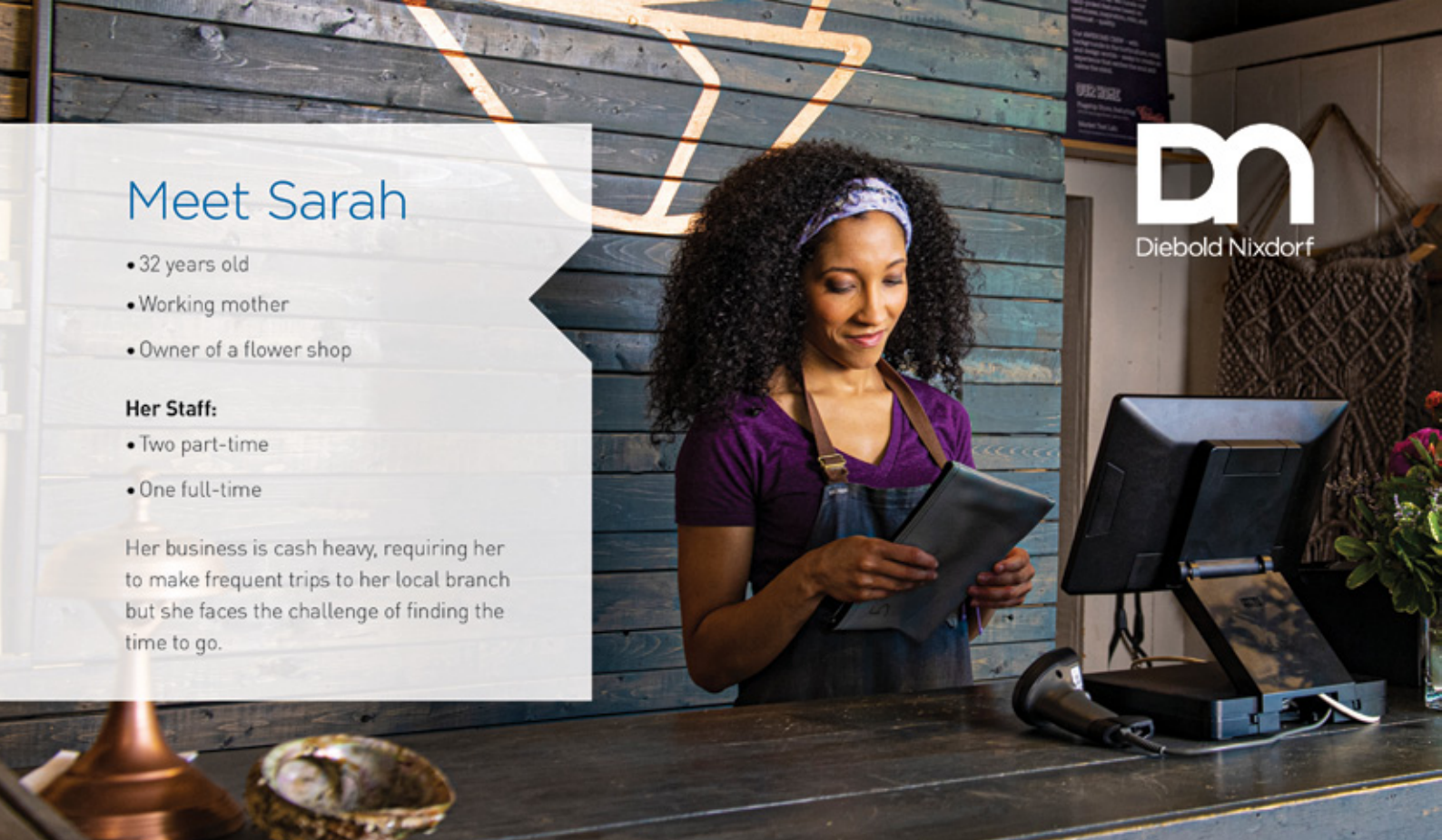
## Meet Sarah

- 32 years old
- Working mother
- Owner of a flower shop

### Her Staff:

- Two part-time
- One full-time

Her business is cash heavy, requiring her to make frequent trips to her local branch but she faces the challenge of finding the time to go.



### DIEBOLD NIXDORF PERSPECTIVE

# Smart cash automation solutions can transform FIs' relationships with SMBs

By Jerome Amara, Head of Systems, EMEA, Diebold Nixdorf

Although the variety of digital payment methods is constantly growing, cash continues to be used extensively for low-value purchases. Through the lens of small- and medium-business (SMB) owners like 'Sarah', owner of a small flower shop, this means that she needs to visit her bank nearly every day to deposit her cash revenue. Like most merchants in her situation, 'time is money' and she wants banking to be as simple and easy as possible. To this end, she keeps her personal and business banking relationships at the same institution. But she's not entirely satisfied with the process; she's often frustrated by the amount of time she spends waiting for a teller, and she doesn't like the immense delay in seeing the funds posted to her account. And she's not alone: more than 54% of SMBs feel they spend too much time waiting in queues. Nearly 39% say the delay between making a deposit and seeing it in their account is too long. In fact, only 37% of small-business banking customers believe their bank appreciates their business, and just 13% say all of their branch needs are being met.

### Existing challenges to managing the cash needs of SMBs

Nearly half of all payments under \$10 and 42% of payments less than \$25 are still conducted in cash. Thus, cash services are still important for SMBs, especially those with a physical storefront. In many countries, SMBs account for around 70% of all cash-in transactions within the branch. And the reality of cash payments is that they require physical activity, for both the SMB and the FI. Automating the cash journey wherever possible becomes absolutely critical.

Traditionally, sealed bags have offered SMBs the most convenient way to make their daily cash deposits, but it's far from a perfect system. It incurs high manual cash handling costs for FIs and does not offer instant crediting for the SMBs. This is where

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— Federal Reserve Bank of San Francisco

smart self-service cash recycling solutions can help: SMBs can deposit larger bundles more easily through self-service, providing cash that can be immediately recirculated (i.e. recycled) through the ATM to use for cash-out transactions. The more the SMB segment is migrated to self-service, the more it helps reduce cash-related costs by creating a closed-loop recycling environment that automatically moves money through the system.

### The natural evolution of a closed cash loop

For FIs it means their own customers are replenishing their ATMs for free: the closed cash cycle in these systems makes deposited cash immediately available for withdrawal, enabling FIs to significantly reduce their workload and expenses.

In general, nine out of 10 banknotes are fit for recycling and about one-third of all terminals have a cash-in/cash-out ratio that supports a business case for cash recycling. With cash recycling enabled properly, FIs can fully migrate one of their biggest manual activities to the self-service channel. And this can deliver the

benefits SMBs most desire: large bundle deposit capabilities (up to 300 notes per deposit), immediate account crediting and 24/7 secure access, while at the same time driving new efficiencies in cash management for FIs.

Reduced workload for cash handling tasks means more time for human support and consulting. Since half of all merchant clients prefer to keep their personal and business banking relationships at the same institution, that means there are increased opportunities to engage with the customer through advanced services, be it a personal face-to-face conversation or through enhanced and convenient digital capabilities.

Cash recycling drives impactful efficiencies in multiple ways – first of all through the initial automation which migrates transactions from teller to self-service, and secondly, through the possibility of recycling cash into a closed loop, which can mean up to a 75% reduction in cash replenishment efforts. And through more enhanced services like instant crediting, self-service cash recycling creates a win-win situation for both SMBs and FIs. ■

### Through the Lens of an FI

“The expenses for cash handling activities of SMBs were very high in our organization. Due to the migration of business deposits to self-service and the removal of teller cash recyclers (TCRs), we were able to free up eight FTE from cash-handling tasks. The costs per deposit at a self-service device are approximately €1, which is around 80% less than a cash deposit at a traditional teller, which costs around €5. Today, our recycling quota is close to 90%, which means that almost all cash deposits from our customers are available for withdrawal without the need to handle it manually. This saves additional time and costs.”

— Lars Schneider, Head of Technical Services, Sparkasse Bielefeld



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