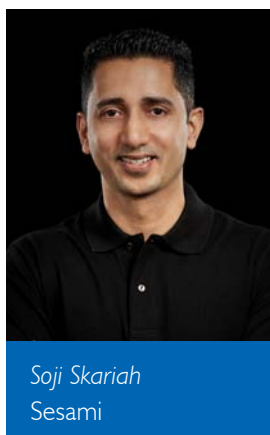


SESAMI PERSPECTIVE

Technology and AI provide keys to cash management



Cash and the way it is distributed and managed has been greatly impacted by the extreme volatility of the last 3 years. The shifting landscape is prompting banks to rethink their strategies, including whether to keep operations in-house, pool them, divest assets or outsource to third parties. As they calculate the cost of cash management in terms of employee time and other metrics, a growing number of banks see the answer in digitising their operations and reducing the banking assets associated with handling cash. Doing so requires partners who can provide a holistic set of hardware, software and services. The *Bulletin* is pleased to speak to Soji Skariah, managing director and global head of software and R&D of Sesami, to hear his views.

RBR: *Is cash still relevant in the global economy that is evolving into a digital ecosystem?*

Soji Skariah (SS): Let me start by asking a question: how many people carry cash in their wallets or purses? Most of us, although we may seldom use it, carry cash with us, and this is because we know that cash is the most guaranteed form of payment when everything else fails. The pandemic was hard on cash, but the levels of cash use are up again to pre-pandemic levels.

Despite a gradual decline in cash transactions, according to recent data from the ECB, cash is the most popular payment instrument among euro area citizens for day-to-day transactions at the point of sale or for person-to-person payments. In addition, cash is used for savings and liquidity, especially in times of crisis or uncertainty.

In Asia, despite progress in moving transactions to cards and digital forms, cash remains quite popular in most markets. Furthermore, cash remains the leading payment method in Latin America. And in North America, according to the 2022 findings of *The Diary of Consumer Payment Choice*, there has been an increase in the share of cash payments; although small, it is notable. In Middle East and Africa, 44% of POS payments are made using cash.

Cash is also important in the context of social inclusion. For example, 10 to 20% of Canadians are either unbanked or underbanked, not to mention 22% of Americans. In the eurozone, 13.5 million people are unbanked and even more are underbanked. Even cash-light societies like Sweden are amending laws requiring banks to provide access to cash.

People also rely on cash for budgeting. In today's inflationary economy, we see a small trend in people switching to cash as it allows them to physically see how much money they have and how much they are spending. Digital payments are more difficult to keep tabs on.

Cash therefore remains very relevant in today's economy as a choice of payment for consumers.

RBR: *Can you comment on the cost of handling cash?*

SS: The cost of handling cash is indeed going up. There is a drop in the number of ATMs in the market due to bank consolidations, branch closings, bank consortia/ATM pooling, etc., which means the cost ATM is increasing.

Handling cash requires labour to count, sort and store. This is time-consuming and expensive. Cash is also vulnerable to theft and loss, which means it incurs additional security costs. There are also costs due to risks associated with cash-in-transit and counterfeiting.

RBR: *On one hand we see that cash is still popular as a choice of payment, but on the other hand we see that cash handling increases costs and risks. How can this problem be addressed?*

SS: We need a solution that uses technology and automation to reduce the cost of managing and handling cash. This is where Sesami comes in with its technology-enabled cash automation solutions, with a complete suite of intelligent devices and an end-to-end modular, scalable and customisable cash ecosystem management software, viz. Sesami Enterprise Software.

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With technology-enabled cash automation solutions, Sesami can help secure, automate and streamline cash handling processes. It enables FIs and consumer businesses to achieve greater efficiencies, transparency and accountability. It helps with labour optimisation for cash room, store front office and cash reconciliation jobs, reduces transportation fees and cash leakages, and improves working capital. Automation opens new possibilities, so staff can focus on improving customer experience and service instead of dealing with repetitive tasks.

Our software also helps FIs manage the cash cycle ecosystem. The journey starts with cash going into and then out of ATMs and bank branches, being spent in various consumer business locations such as shops, casinos and cinemas, then transported by CITs to cash processing centres, deposited into bank vaults and then back to ATMs and bank branches. Until now it has been very difficult to track the flow of cash because of the need to access multiple fragmented systems.

With Sesami Enterprise Software we have addressed this problem with its end-to-end cash ecosystem management solution that provides full visibility throughout the cash cycle. It is device-agnostic and

connects to various multi-vendor intelligent devices to provide real-time cash monitoring capability.

RBR: *Are there any other key issues FIs need to keep an eye on with regards to supplying cash?*

SS: Optimising the cash cycle is also important. When interest rates were lower, banks didn't worry as much about how much cash is out in various cash devices. Now as interest rates soar, banks would like to ensure that they do not run out of cash while keeping residual cash as low as possible.

Sesami's Cash Cycle Optimizer software uses AI algorithms to offer ATM cash forecasting and optimisation. It uses self-learning statistical methods based on cash demand by denomination and device. The AI engine reviews historical data trends and correlates it to changing circumstances in market conditions or unexpected events. For example, it will take into account that during Wimbledon or a Formula One event, there will be increased cash demand and will adjust forecasts accordingly. It guarantees precise cash forecasting and replenishment planning to ensure efficient cash distribution across the entire supply chain, from the central bank to ATMs, banks, retail outlets and back. ■

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SESAMI

Enter a Whole New Era of Cash

Since Sesami's launch, we have united some of the industry's very best talent and businesses.

As an industry leader, operating on six continents, we provide financial institutions and consumer businesses with the broadest range of enterprise software and cash automation solutions in the world.

Today, financial institutions must rapidly adapt to consumer demand for smarter, more convenient and more valuable interactions, while maximizing working capital and growing commercial treasury relationships.

As the demand for digital transformation grows, processes, technology and partners must work intelligently together, and we are the partner of choice offering the only true end-to-end cash management solution.

Find out more about Sesami at sesami.io/financial-institutions

