

Global Cash Profile & Best Practice in FI Cash Operations

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Agenda

1 Global Cash Profile

2 US Cash Profile

3 Best Practice: Forecasting

4 Best Practice: Cash Logistics

5 Best Practice: Reconciliation



1

Global Cash Profile

Global Cash Trends



Annual cash transaction value has fallen by 34% since 2018 to \$7.7 trillion

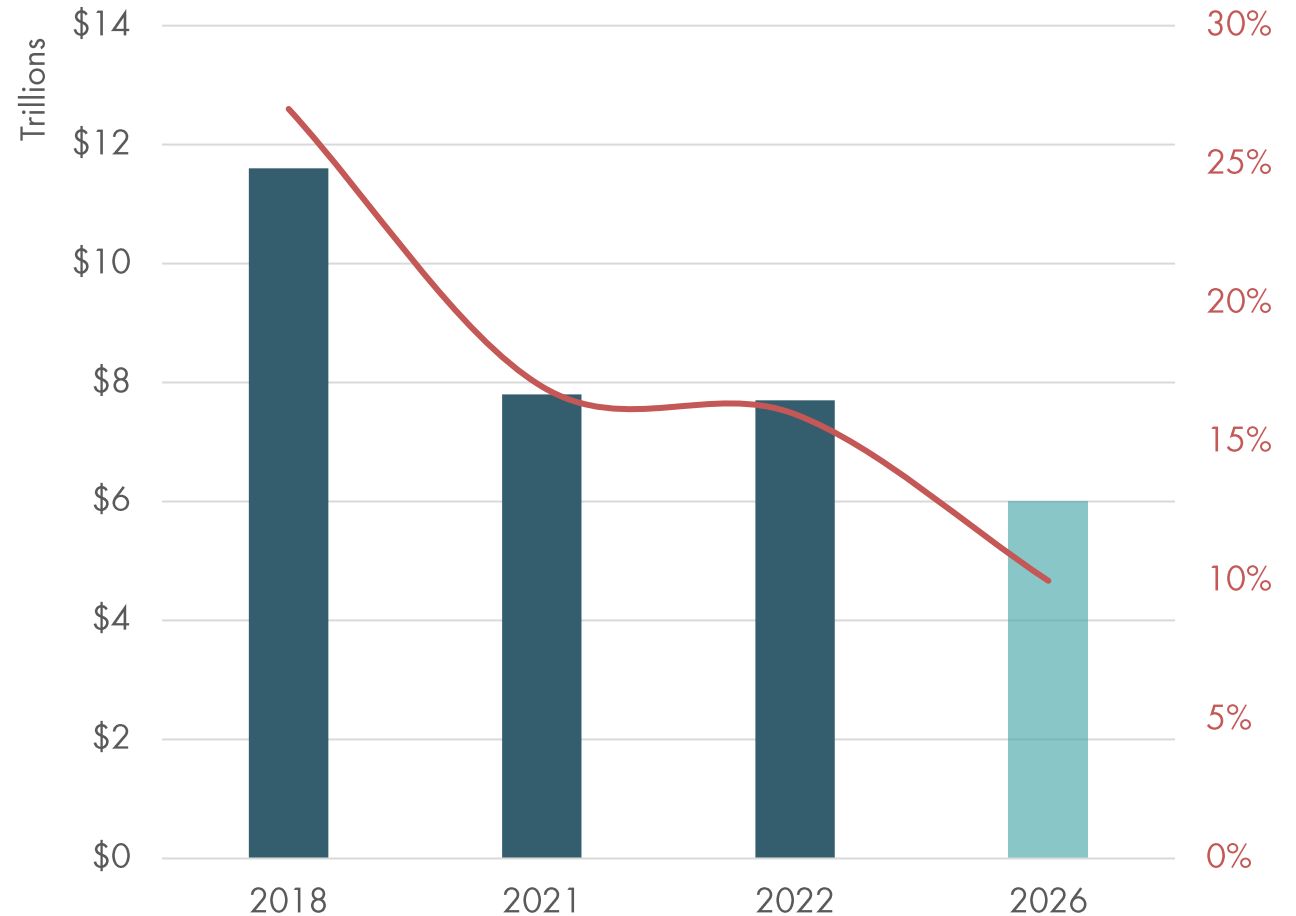


Cash's share fell from 27% to 16%



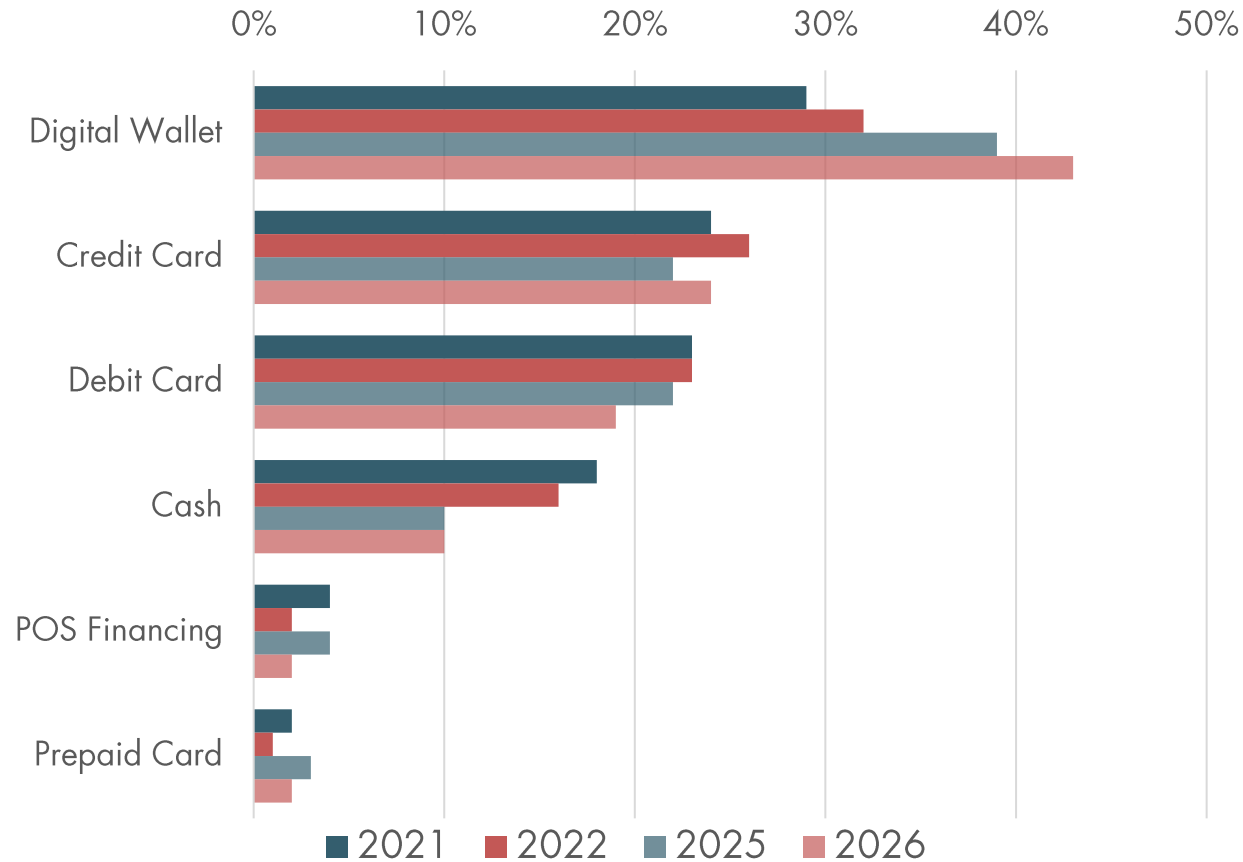
The figures for 2022 indicate that the decline has stabilized

Global cash transaction value 2018-2026f, US\$ trillions (share %)



Global Cash Trends

Global POS Payment Methods



The decline of cash continues due to:



Governments in emerging economies promoting access to digital payments



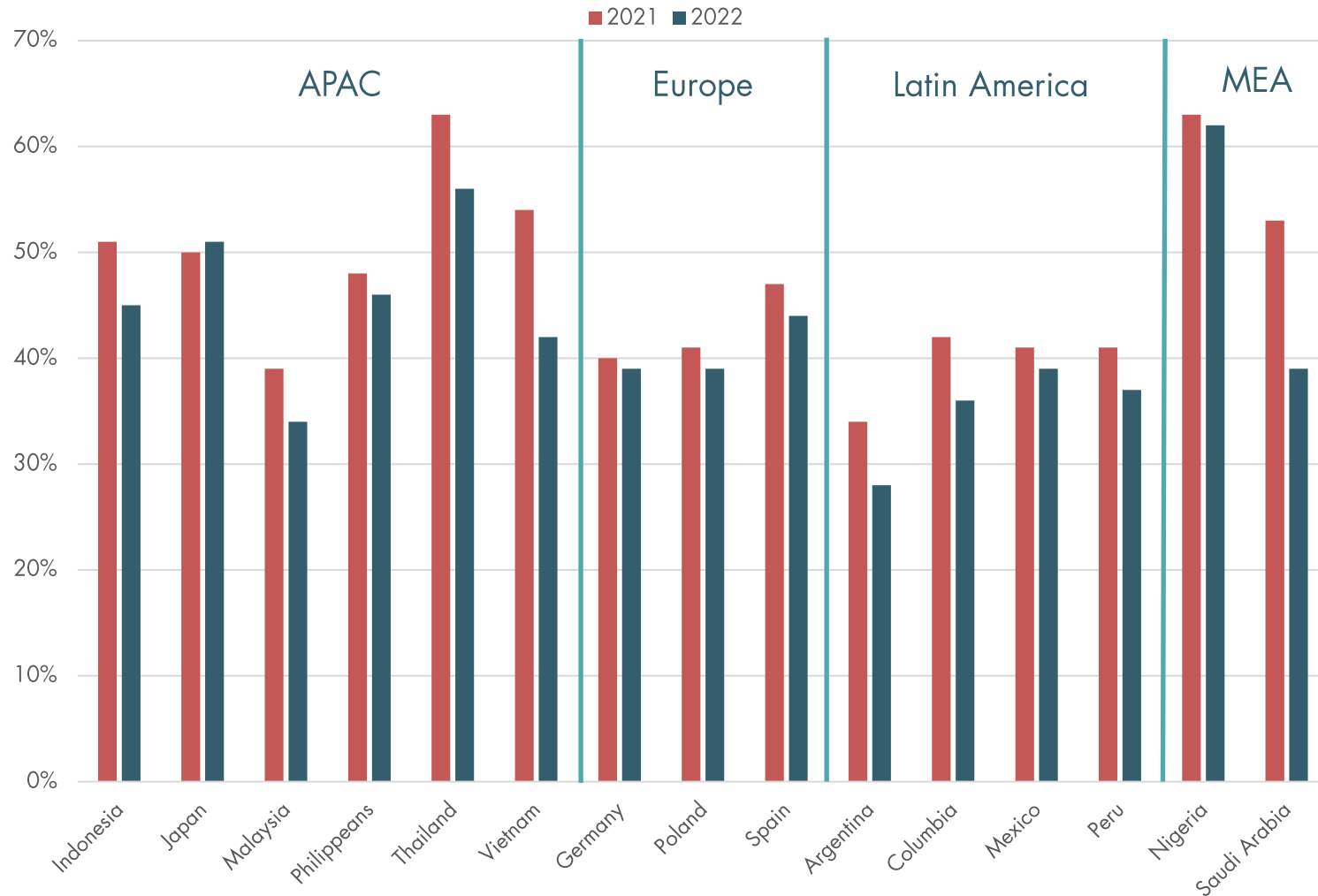
The shift in consumer habits towards digital payments solidifying



The cost for merchants to accept mobile payments via QR codes falling

Global Cash Trends

Cash as Top Payment Method at POS



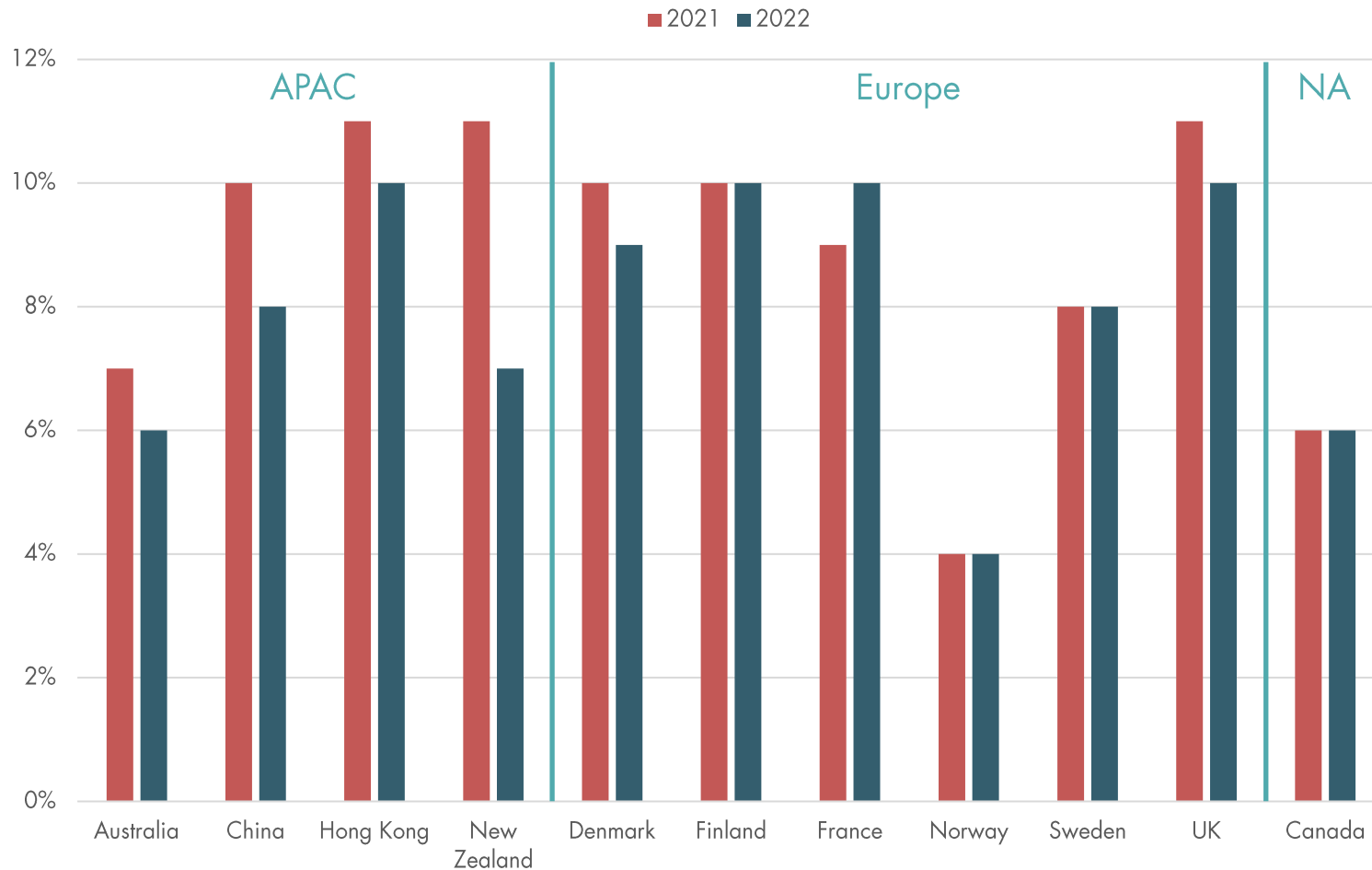
42%
Average 2022 Share

5%
Average YoY Decline

1
country less in number one spot

Global Cash Trends

Cash as Less Than 10% of Transaction Share at POS



8%
Average 2022 Share

1%
Average YoY Decline

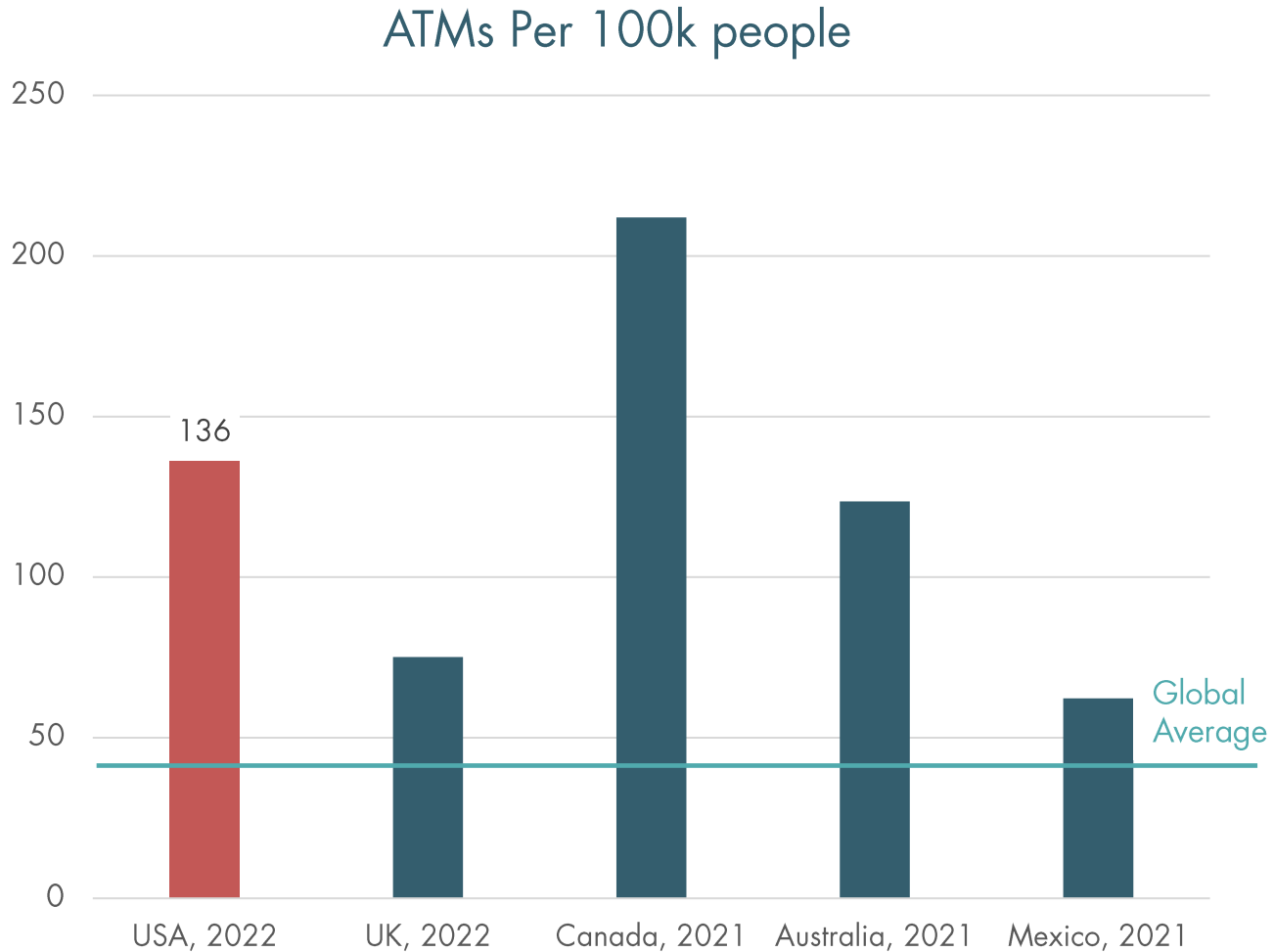
3
countries more with less than 10%
transaction share



2

US Cash Profile

ATM Network Scale

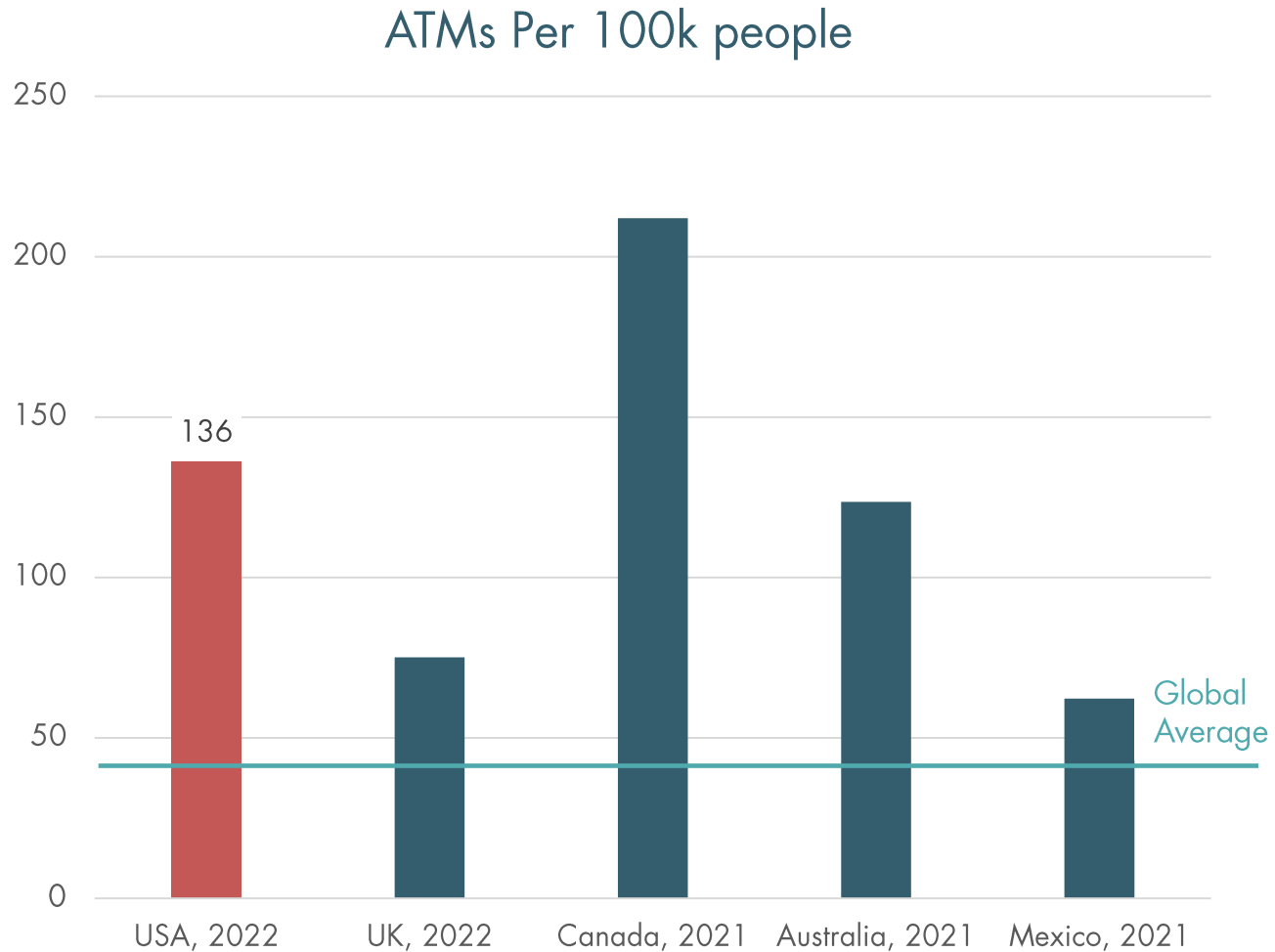


The USA has the 2nd highest density of ATMs vs comparative economies



The number of ATMs in Canada increased from 210 p/100k people to 212 – this is the 3rd highest in the world

ATM Network Scale



The USA has the 2nd highest density of ATMs vs comparative economies



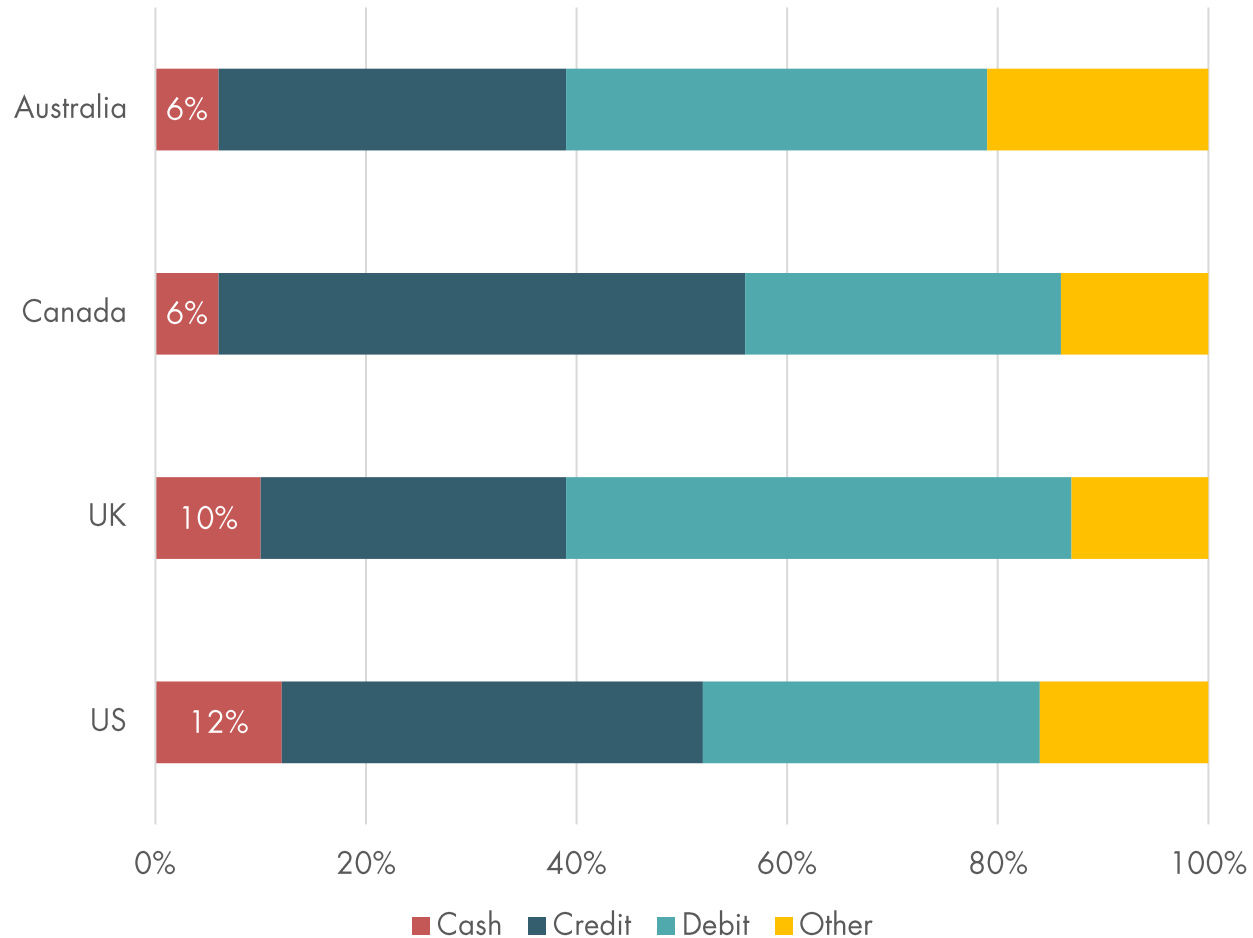
The number of ATMs in Canada increased from 210 p/100k people to 212 – this is the 3rd highest in the world



Macau has 316.3 ATMs per 100,000 adults

Cash Transactions

2022 Payment Methods



"Australia to be 'functionally cashless' by 2025"



79% of Canadians have no plans to go cashless in future



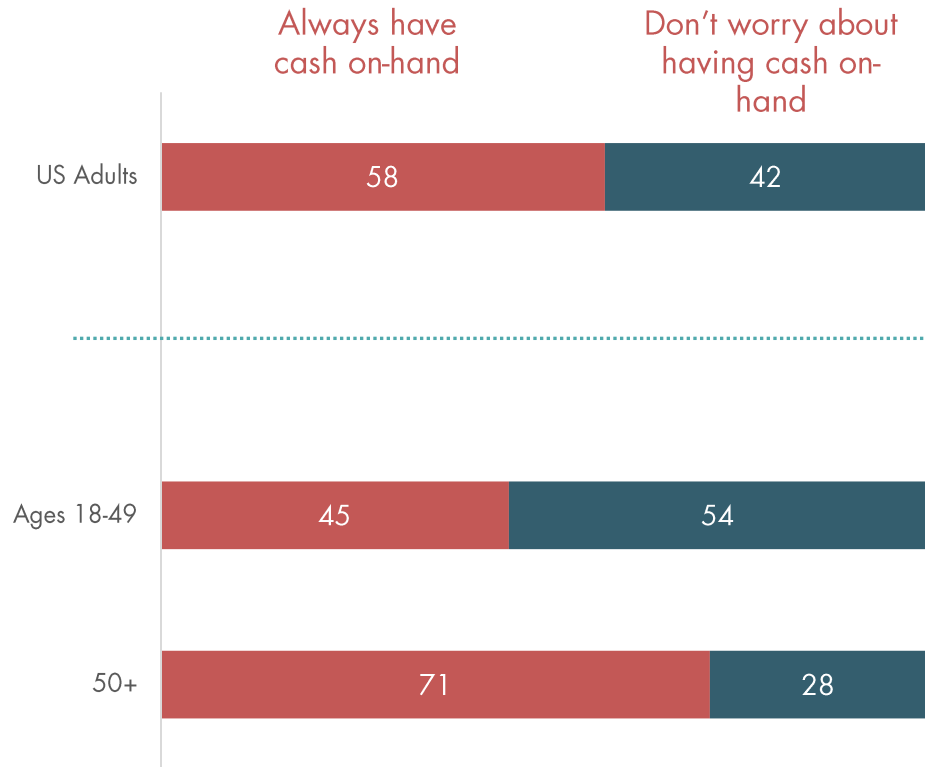
78% of Brits believe banknotes should exist so that there is a form of physical money



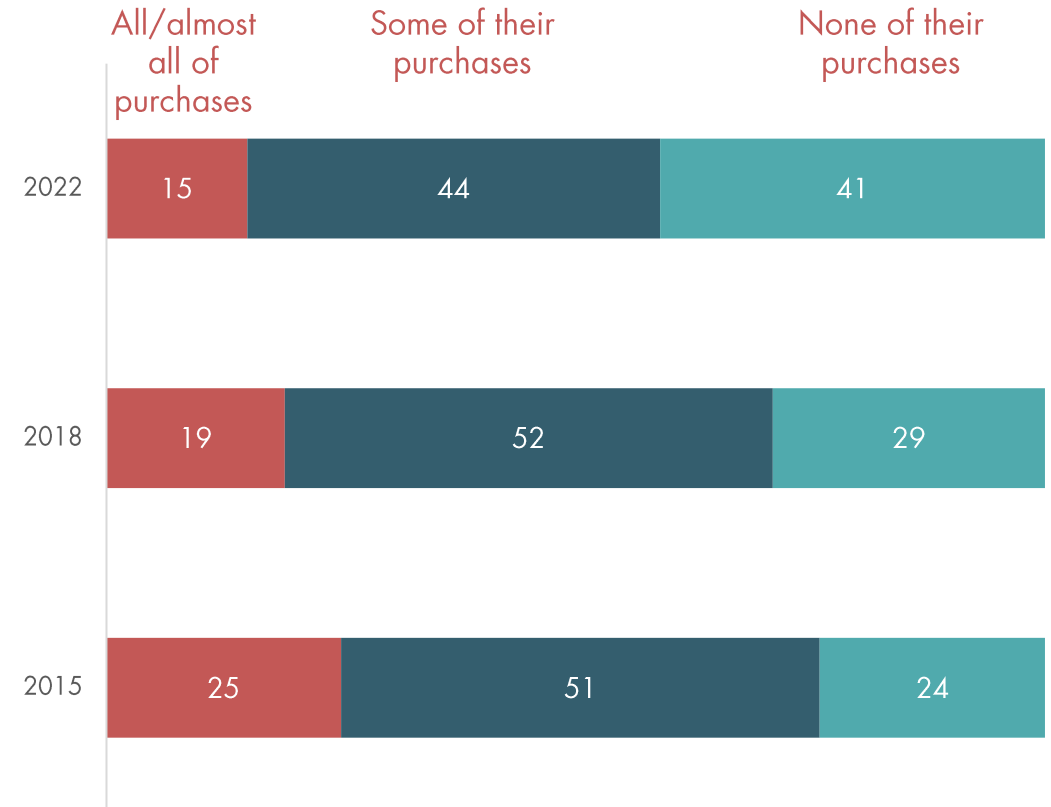
93% of Americans do not have any plans to stop using cash in future

Cash Trends in USA

% of US Adults that Carry Cash



% of US Adults that Make Payments in a Typical Week with Cash

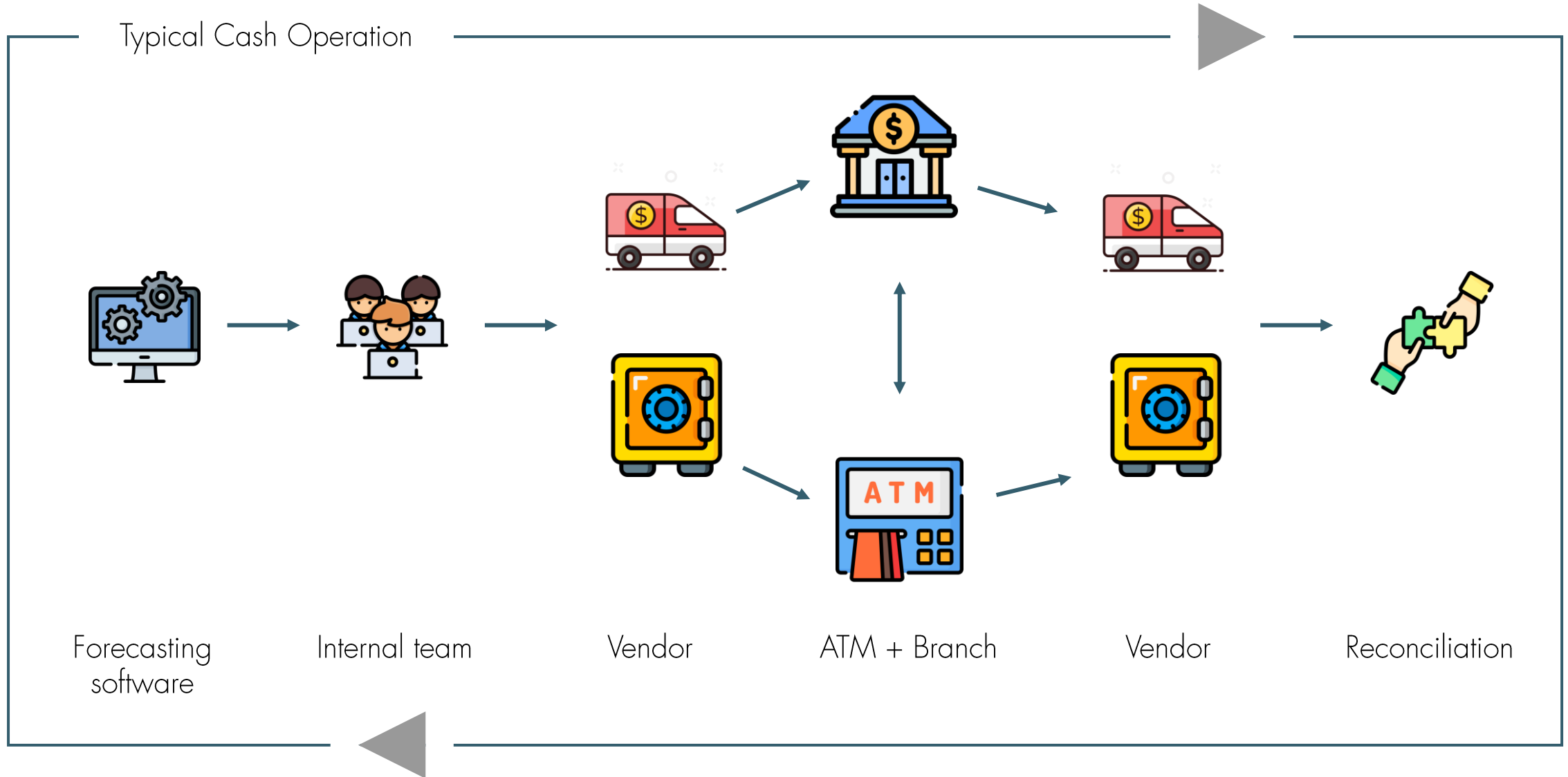




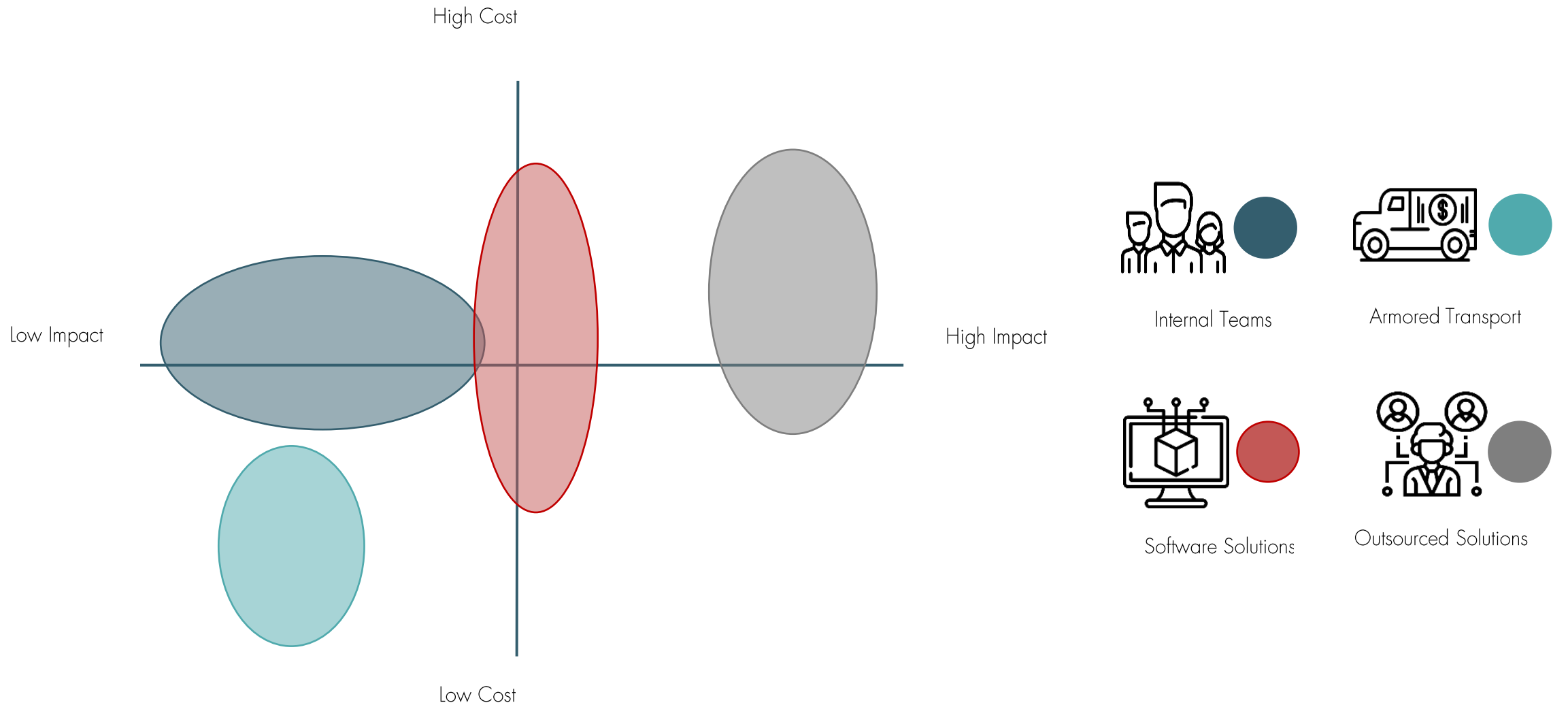
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Best Practice: Forecasting

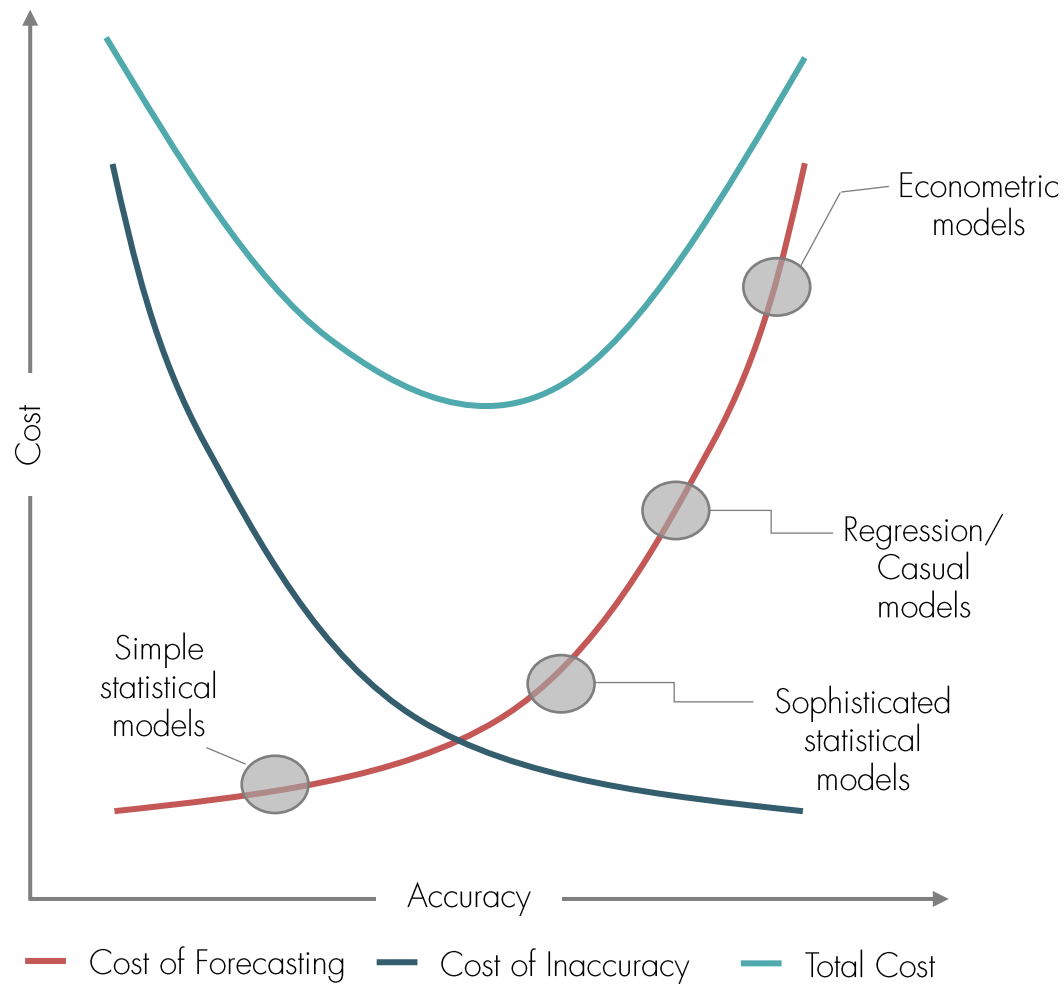
Stages of the Cash Cycle



Industry Forecasting Solutions



Cost Optimization



Forecasting roster with evaluation process



Site-by-site approach for each ATM



Exploit the benefits of automation



Dynamic and proactive approach



4

Best Practice: Cash Logistics

Cash Logistics



Armored Transport
Models



Utilities



Ordering Models

Armored Transport in Europe

Typical European armored vehicle



In Europe there is more emphasis on cassette security rather than vehicle, making vehicles lighter and cheaper to operate relative to the US model



Vehicles are approximately 64% lighter and 150% more fuel efficient

Australia: the Most Radical Utility Yet?

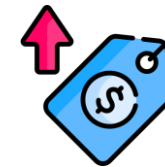
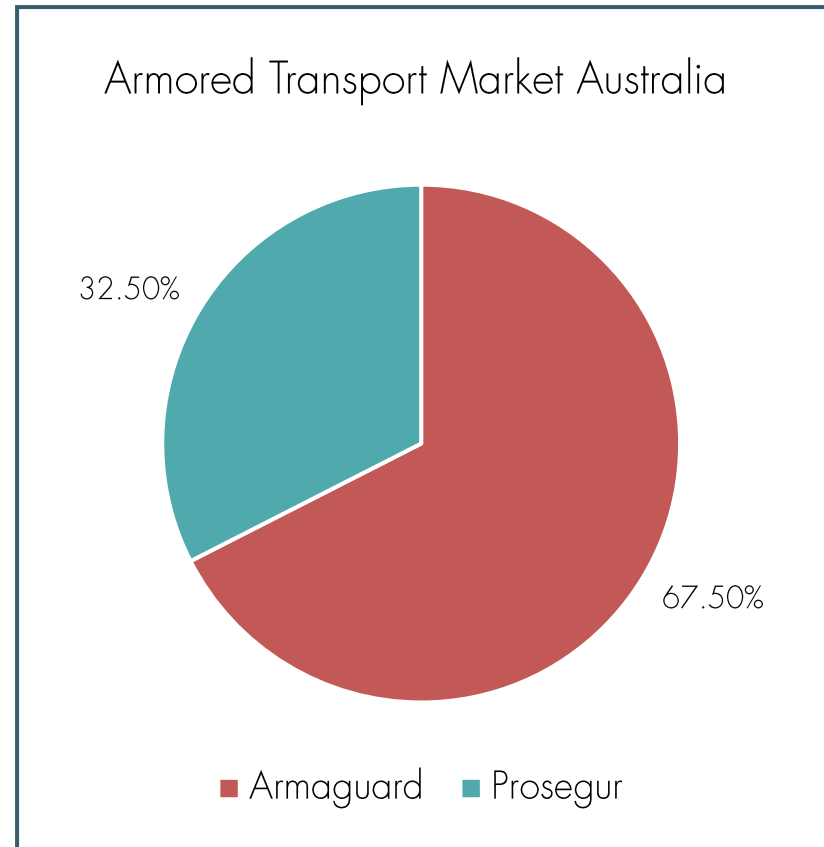
Rapid decline in cash economy resulted in a merger between Armaguard and Prosegur



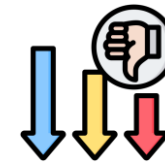
54% of ATMs closed nationwide since 2017



1,600 + bank branches closed in last 6 years (~30%)



Pricing



Service quality



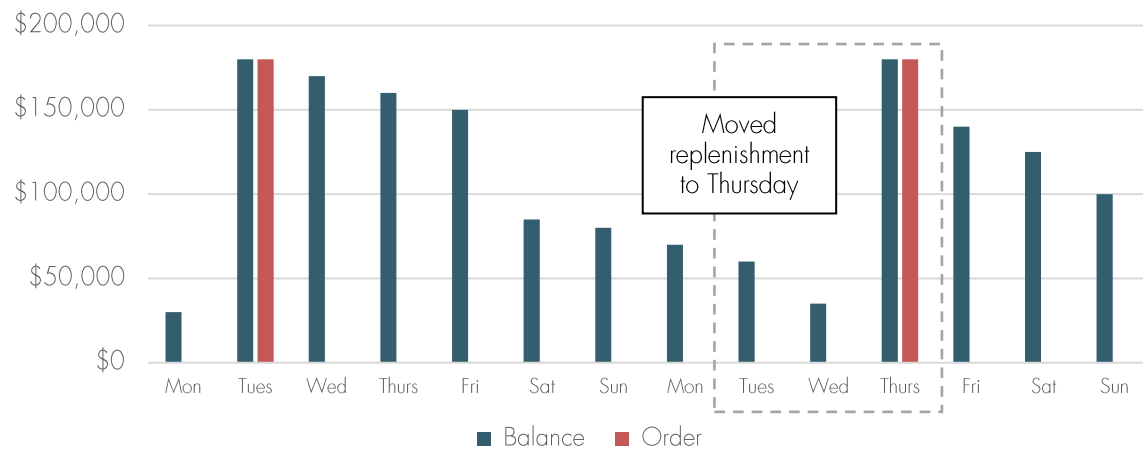
Service offering

Dynamic Ordering Models for Best Practice



“A strategy in which cash is delivered at the point where it is needed, reducing costs, eliminating waste and increasing efficiency.”

Just In Time



More reactive to changes in short term demand and the macro economic environment



Keeps cash operations optimized due to flexibility



Dynamic scheduling and clustering are tools used to increase efficiency

Concerns for the US

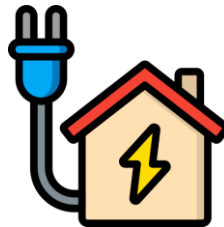
Armored Transport



The armored transport industry in the US is highly labor and capital intensive...

By nature of the model, US armored transport is more costly to operate

Utilities?



Utilities are seemingly a long way off in the US but...

Institutions should be mindful of further consolidation within the supply chain

Ordering Models



You can be more flexible with ordering models...

Do you have capability to adapt to the future models?



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Best Practice: Reconciliation

Best Practice in Reconciliation: The Journey

Step 1: Tailoring the process to be as cash specific as possible

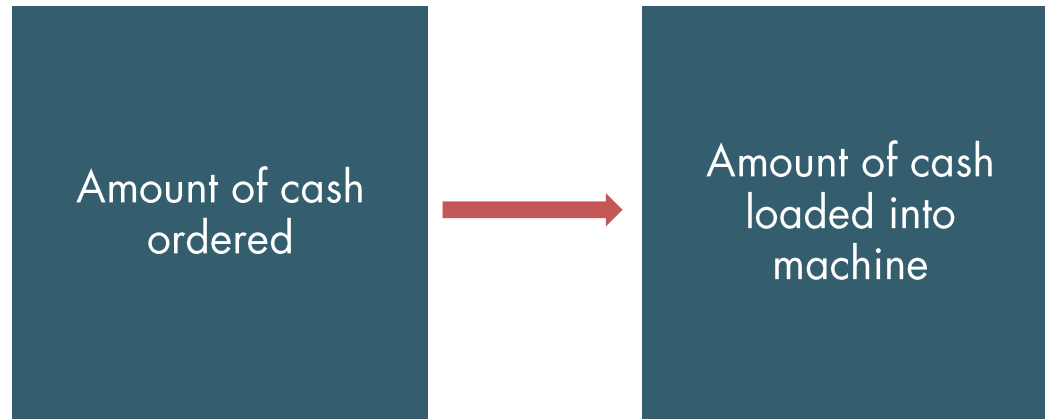
Step 2: Improve visibility through cash operations

Step 3: Focus on automation

Step 4: Continuous improvement to key reconciliation processes

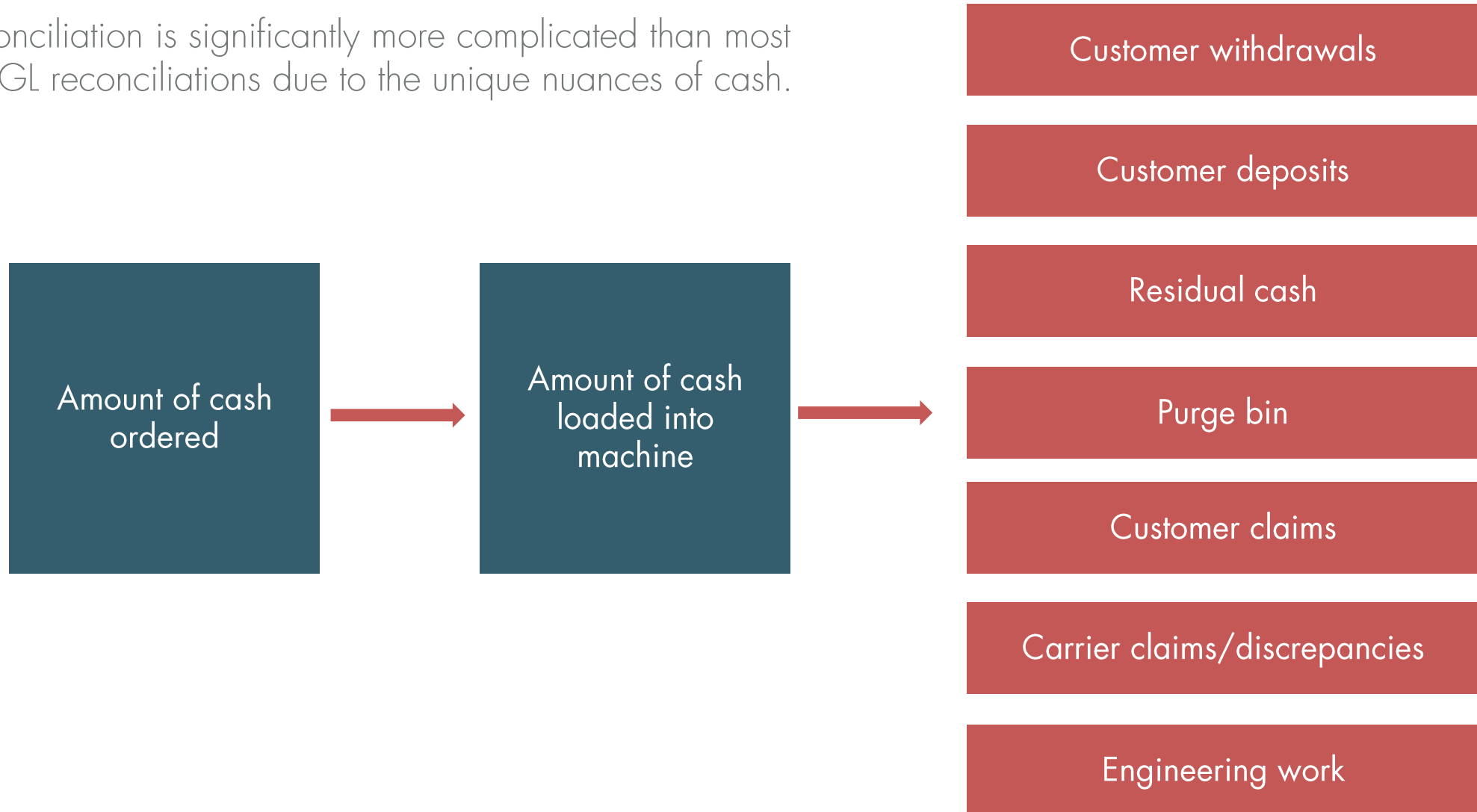
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Cash reconciliation is significantly more complicated than most standard GL reconciliations due to the unique nuances of cash.



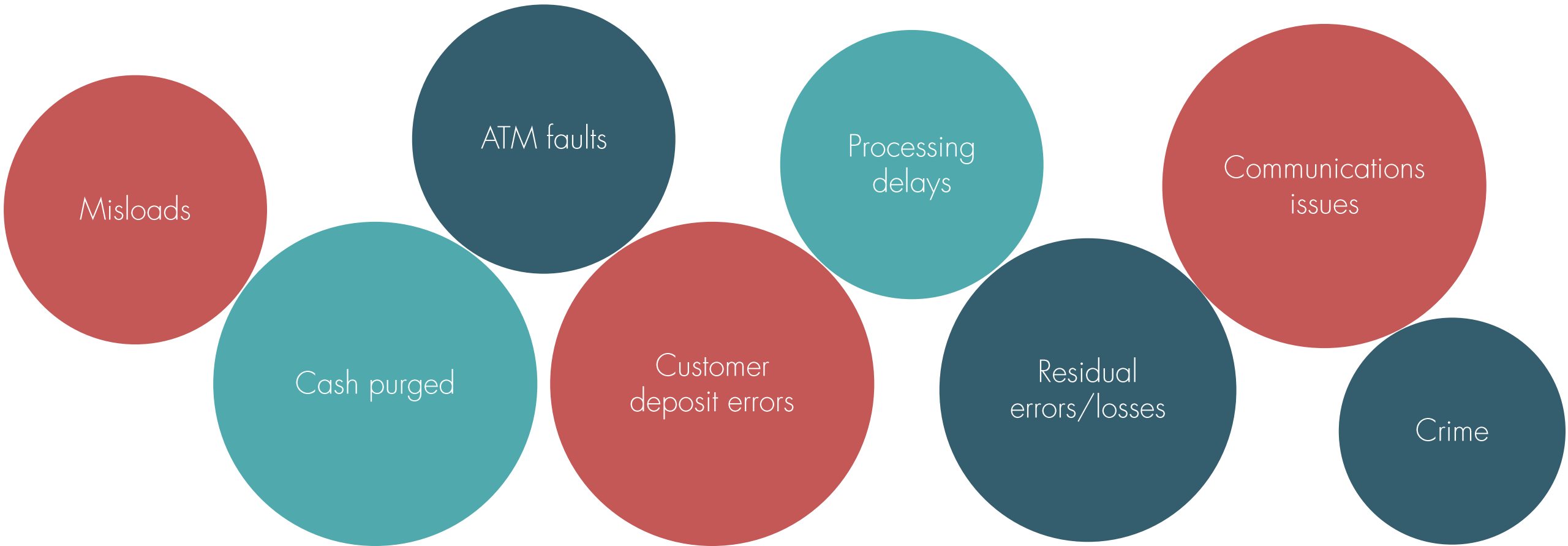
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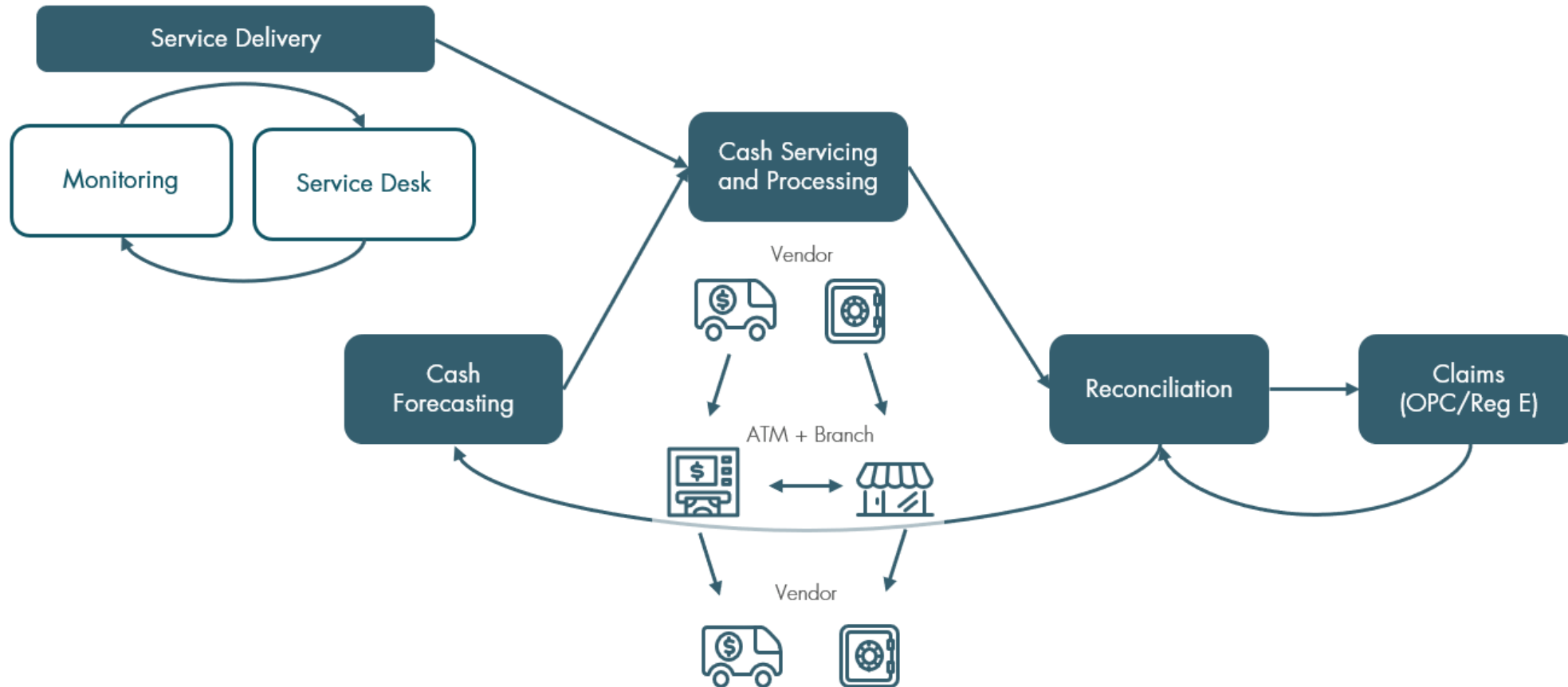
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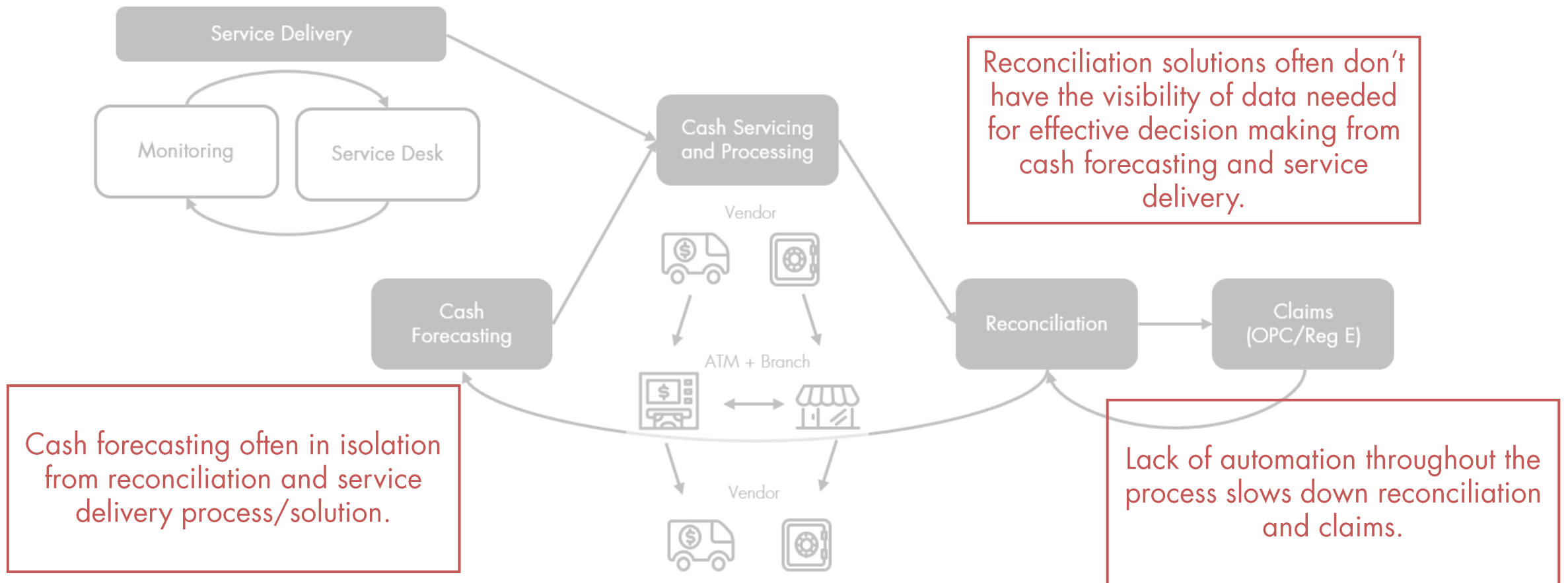
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The performance and productivity of reconciliation is often determined by the other solutions in an FI's 'cash operations stack':



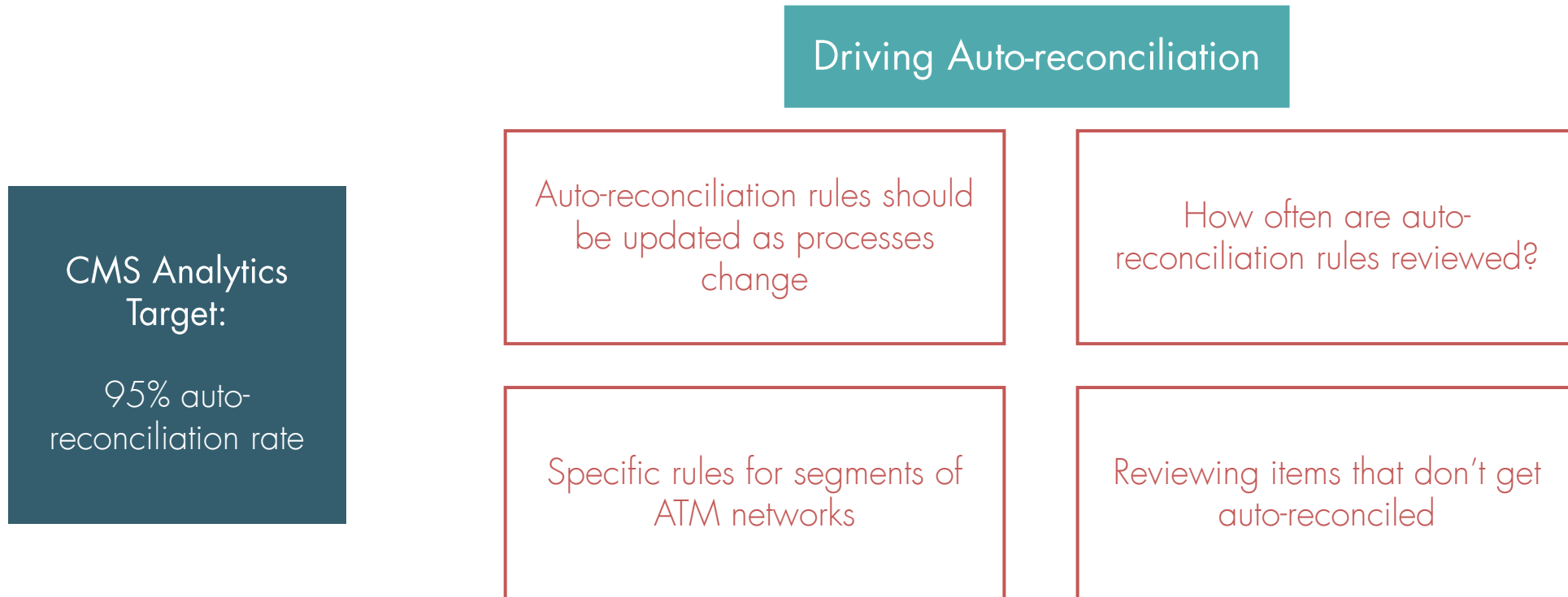
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Step 3: Auto-Reconciliation

A high auto-reconciliation rate, dramatically increases productivity of the reconciliation team is the primary way to reduce the correlation between positive reconciliation outcomes and headcount.



Step 4: Staff Productivity

To continue reducing the correlation between positive reconciliation outcomes and headcount, managers and reconcilers need efficient solutions that streamline the exceptions process.

Example 1: **Charge-off Management**

Reporting and analytics around charge-offs can assist with understanding the performance of your team.



Example 2: **Carrier Escalation and Evidencing**

Based on CMS research, the average FI utilizes 7 different systems within the reconciliation process. Consolidating these for tasks which are often repetitive has a significant impact on staff productivity.

Recap

Cash still remains as a strong payment method in US but changing environment means Institutions need to ensure their cash operations are as flexible as possible to react to change

Change may occur in the armored transport industry that will impact institutions – are they ready as possible for change?

Streamlining reconciliation processes and removing legacy systems will reduce costs and improve overall reconciliation costs

Thank You

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