

# CASH MANAGEMENT SOLUTIONS

## Adding Value With End-to-end Intelligent Cash Recycling Technology

### Introduction

If you think credit and debit cards are about to displace cash for retail transactions, think again. Legal tender remains the most commonly used form of payment, accounting for about 40 percent of U.S. transactions overall, up to two-thirds of purchases under \$10, and half of transactions valued at less than \$50. “Cash accounts for about 85 percent of global consumer transactions,” according to MasterCard. “In most countries the cashless journey has only just begun.” So while plastic and electronic payments have been hailed as the currency of the future, there is a long way to go.

Cash still rules, especially at convenience stores and small retail shops that process

mostly small transactions. Fifty-five percent of U.S. small businesses don’t even accept credit cards, according to financial software developer Intuit. Still, cash poses challenges for businesses because bills and coins have to be secured, counted, and transported to a bank.



Sometimes cash leads to mistakes and mischief. Handlers can miscount bills, give customers the wrong change, or give in to the temptation of pocketing money meant for a POS cash drawer. Collectively, thieving employees cost the retail industry 7 percent of its revenue, or \$50 billion, according to consulting firm Jack L. Hayes International Inc.

This means businesses need effective, affordable cash management solutions that automate cash handling, improve security, accelerate transactions and free up staff focus on customer-facing activities. POS solution providers looking to boost revenue and create new opportunities need to learn about and introduce intelligent cash management solutions to their customers in the retail and grocery industry. Offering cash recycling solutions allows dealers to add value and help clients address critical cash-related challenges.

### The State of Cash

Despite the popularity of debit and credit cards, cash is still widely used for transactions. “Even for consumers who prefer cards, cash is the second preference,” according to the Federal Reserve Bank of San Francisco. It is used by most consumers for purchases of less than \$10, regardless of preference.

An April 2014 report by the Federal Reserve System estimates cash is used in 40 percent of overall transactions in the United States, with debit cards accounting for 25 percent, and credit cards 17 percent. Text and mobile payments amount to less than half of a percent, according to the report. “Cash is used quite often, but primarily for low-value transactions. In fact, the average value of a cash transaction is only \$21, compared with \$168 for checks and \$44 for debit cards,” the report said.

Most people carry small amounts of cash. A May 2014 Bankrate Security Index Report revealed 40 percent of consumers carry less than \$20 in their pockets, while 29 percent carry \$20 to \$50, and 12 percent between \$50 and \$100. A mere 5 percent said they carry \$100 to \$250, while 9 percent go cashless.

Sixty percent of consumers buy food with cash, while 52 percent use credit and 47 percent debit cards, according to a June 2014 report by the Federal Reserve Bank of San Francisco. Cash is used infrequently for bigger-ticket items such as auto-related expenses, entertainment, transportation, housing-related transactions, medical bills and financial services.



Where cash still rules, the reasons are well understood. Cash is welcome just about anywhere. It's fast, simple, direct, and lets buyers remain anonymous, which is not possible with credit cards or electronic payments. Cash delivers undeniable negotiating power. Even larger stores prefer cash to avoid merchant fees associated with payment cards. It's no wonder U.S. currency in circulation amounts to \$1.38 trillion as of August 2015, according to the Federal Reserve.

### Cash Challenges

The Blond Group estimates the global cost of cash is \$360 billion, of which \$65 billion is

in the United States and \$90 billion in Europe. A portion of that involves theft. In 2014, 25 large U.S. retailers caught more than 1.2 million shoplifters and dishonest employees, according to loss prevention consulting firm Jack L. Hayes International. More than 80,000 thieving employees — one in every 38 employees — were apprehended. The problem is so acute that Hayes has estimated one-third of bankruptcies result from employee theft.



Businesses contend with various types of theft, including overcharging customers to pocket the balance and “sweethearting,” which happens when employees undercharge friends for purchases or don’t charge at all. Honest mistakes also happen, often as a result of manual counting.

Bills and coins present other challenges. Cashiers spend at least two minutes during a standard cash transaction counting and handling cash, forcing them to look down rather than focus on customers, according to an ARCA April 2014 report. Currency is counted numerous times, not only in front of customers but also at the end of each shift when cashiers remove their tills, in the backroom in front of managers, and before cash is moved from a company safe to an armored vehicle.

Retailers report cash is counted 15 to 22 times before it goes to the bank. It’s a time-consuming, inefficient, expensive process. Beyond that, manual handling inevitably leads to counting errors.

## Mechanical Counters

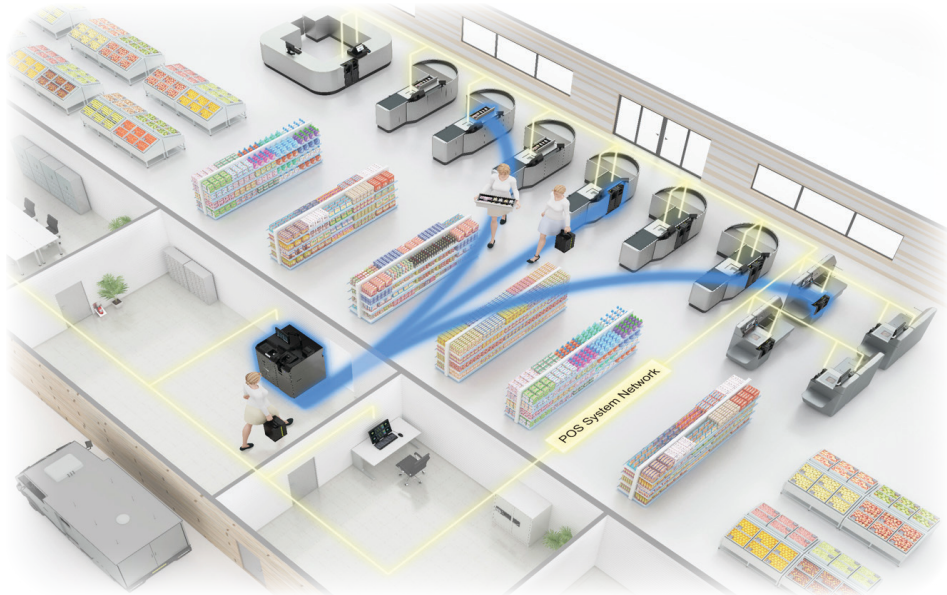
Many retailers use friction counters and coin counters to improve cash-handling accuracy. Friction counters perform bill counts in a fraction of the time it takes a human to do it, but they age quickly. As with anything mechanical, friction counters have a lifespan: The more they are used, the more they tend to break. In high-volume settings, friction counters last as little as 12 months and have the added shortcoming of counting only bills.

Coin counters also have shortcomings. They’re inexpensive but also have limited lifespans and are more of a back-office solution, as opposed to a real-time cash-handling system. Ideally, businesses would replace friction and coin counters with digitized solutions that integrate with POS systems, minimize manual handling and maximize accuracy.

## End-to-end Recycling Solutions

The Digital Age has introduced more efficient alternatives to mechanical counters, including automated end-to-end recycling solutions that communicate directly with banks to record cash deposits and make it unnecessary for cashiers to touch. These intelligent solutions deliver efficiencies at the front and back ends by eliminating error-prone, time-consuming processes.

At the front end, cash recyclers enable retail customers to insert money into a machine, rather than handing it to a cashier. That alone addresses any miscounting and theft issues that can occur at the point of sale. Once the cash is inserted into the recycler, the machine reconciles the amount entered with the amount of the transaction to deliver accurate change to the customer — all without manual interference by the cashier. Cashiers never have to touch bills and coins; when it’s time to remove money from the machine, the cash is contained in a cassette that they can walk to the management office.



At the backend, the recycler automates most of the cash-related functions a manager or supervisor normally performs. That includes replenishing the till when necessary to preset amounts, collecting surplus cash, and storing the money in the cassette for collection later. The ability to recycle cash into the till automatically allows the business to reuse it without having to reconcile bills and coins repeatedly.

The cash that isn't recycled can be virtually deposited to the retailer's bank through a live connection. This way, the money is credited to the retailer's account before it is collected. This reduces idle cash that would otherwise just sit there, improves cash flow and keeps accurate up-to-the-minute cash counts.

Automated cash recycling saves time on counting and reconciliation — anywhere from 30 to 90 minutes per checkout lane each day. At the backend, staff that normally would be dedicated to counting cash and recording amounts on paper can be reassigned to other duties, such as interacting with customers and answering their questions. And thanks to automated counts and reduction in idle cash, retailers can save money decreasing the frequency of pickups from, say, daily to two or three times weekly.

In addition to lowering cash-handling costs, recycling technology helps elevate the customer experience. At the checkout, rather than keeping their eyes on the POS screen and cash to make change, cashiers instead can keep eye contact with and talk to customers.

### **Solution Provider Benefits**

For POS dealers, selling automated cash recyclers creates a new source of revenue and value-add opportunity. These solutions allow dealers to distinguish themselves from the competition, and attract new customers interested in intelligent cash management technology. Anything that accelerates transactions and automates processes is a welcome value-add for retailers large and small.

In short, dealers that sell smart cash recycling technology can realize multiple benefits:

- Build new revenue streams
- Win new business
- Add value for customers
- Separate themselves from competitors
- Boost customer loyalty and satisfaction



### APG Cash Drawer

Already a leader in cash drawer solutions, APG Cash Drawer LLC is evolving into a cash management solutions provider, with cash recycling offerings to complement its comprehensive portfolio of cash drawers and related POS products.

### Glory Global Solutions LTD

CASHINFINITY recycling systems, which are available in several sizes and configurations, save retailers millions of dollars — anywhere from \$2 to \$25 million per location — through cash management improvements. For instance, some retailers have reported idle cash reductions of 25%, while others say they reduce cash pickups by almost half. In the back office, cash recycling reduces costs by 40% to 60% by eliminating manual counts and reducing pickups. In addition, CASHINFINITY customers typically report a return on investment of two to four years.

### Conclusion

As retailers seek to control operational costs, they should look to automate cash management. Mechanical and manual methods no longer adequately support businesses, as evidenced by the \$50 billion of retail revenue lost yearly to theft. POS dealers can help them in this pursuit by introducing them to intelligent cash-recycling solutions that not only help control costs but also elevate the customer experience.

*A special thanks to Glory Global Solutions for their contributions to this white paper.*



**APG CASH DRAWER**

**CASH BASES LLC**  <sup>TM</sup>

### About APG Cash Drawer

APG manufactures a broad range of high-quality cash drawers and other related products for thousands of customers throughout the world. During its 35+ year history, APG has built a reputation as the supplier of choice for highly durable and dependable cash drawers. To learn more about APG products, visit [www.cashdrawer.com](http://www.cashdrawer.com) or call 763-571-5000.

**GLORY**

### About Glory Global Solutions

Customers count on Glory Global Solutions every day to transform their business. Glory Global Solutions is a worldwide provider of cash technologies that manage and control cash, reduce costs, and increase revenues for numerous retailers and 9 of top 10 U.S. financial institutions