



OESTERREICHISCHE NATIONALBANK

# Austrian Notes Management Model

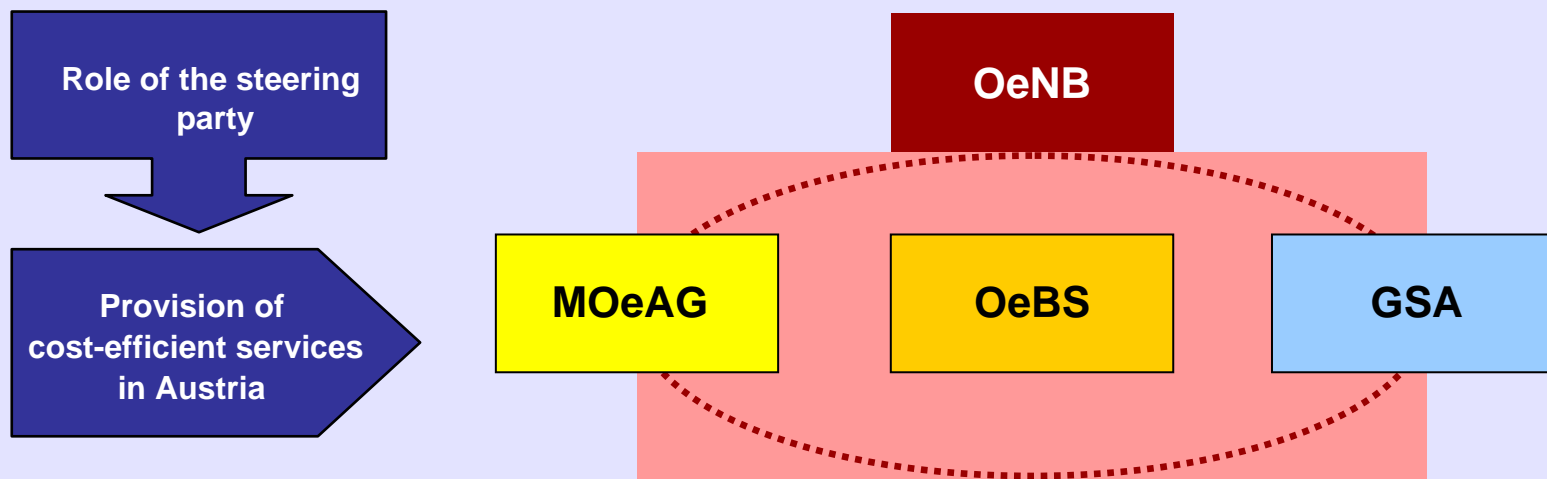
**Stefan Augustin**

**Director of Cashier's Division and Branches**

# The OeNB's changed Environment

## Cost-efficient and flexible subsidiaries:

- MOeAG (subsidiary in charge of striking coinage)
- OeBS (subsidiary in charge of banknote and securities' printing)
- GSA (subsidiary in charge of banknote and coin processing)

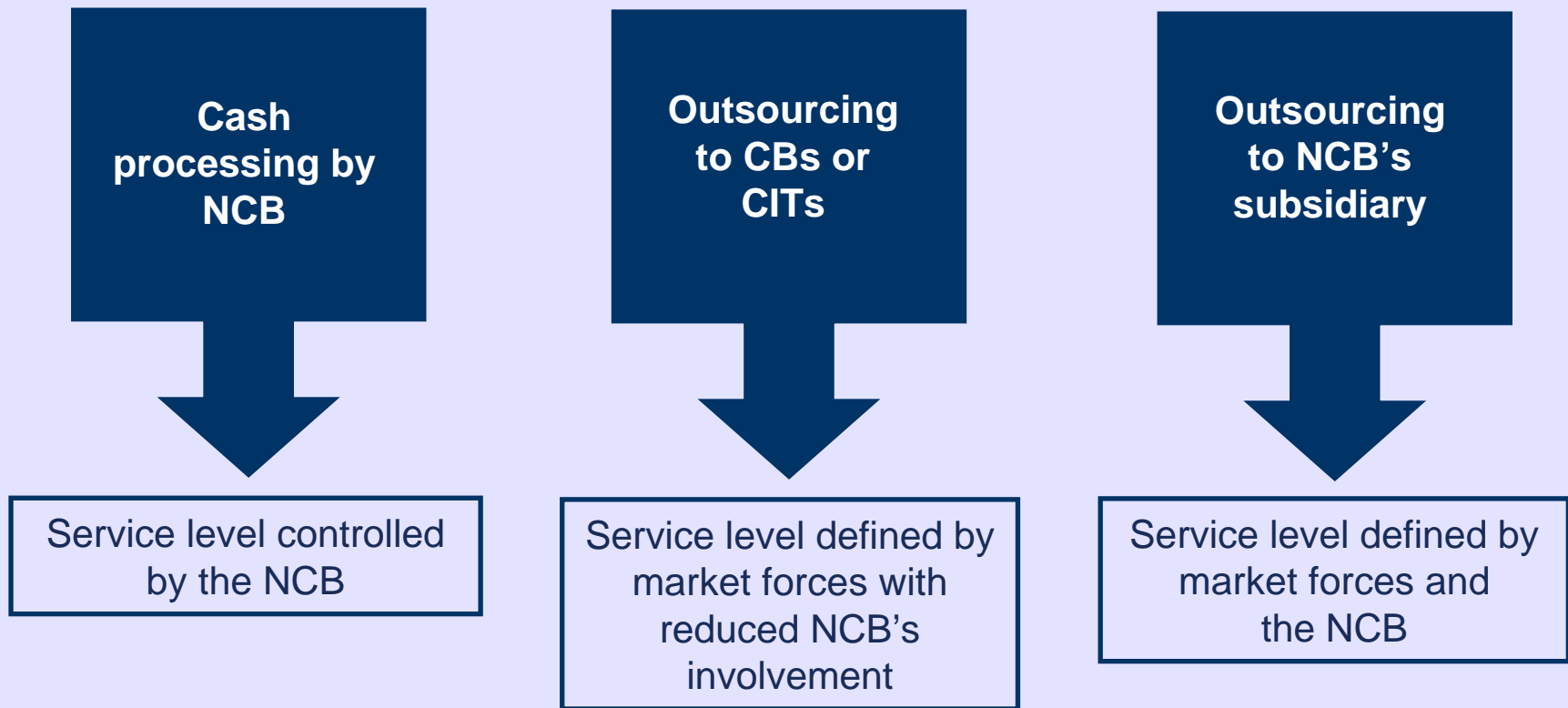


## Determining Factors for the GSA

- **The banking sector used two approaches to cut costs: outsourcing to external providers (security carriers) or outsourcing to subsidiaries (service units; economy of scale).**
  - Both approaches basically weaken the OeNB's role in the cash cycle, as large scale “cash recycling” takes place without NCB's monitoring
- **With regard to the adoption of the euro, the OeNB did not have the adequate infrastructure (in terms of premises, staff, logistics) necessary for a leading role in the euro changeover.**
- **Requirement for improvement of banknote and coin processing through application of new technologies (e.g. multi-denomination machines).**
- **After the euro changeover cross-border factors are of increasing importance (e.g. widespread, high quality counterfeits, banknote migration); the OeNB therefore proactively ensures high-level quality of cash in circulation.**

# Alternatives in Cash Processing

- There were three basic alternatives for cash processing in Austria.
- But is there an optimum for the system as a whole?



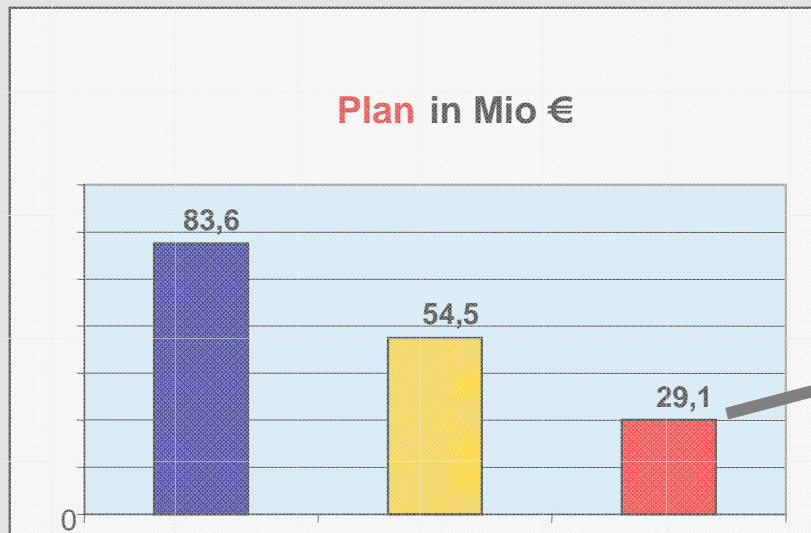
## Implementation of the GSA

- **Joint venture between the OeNB and Austrian commercial banks aimed at increasing the efficiency and cost-effectiveness of processing of banknotes and coins.**
- **Outsourcing of cash processing activities of the OeNB and the major commercial banks into the GSA.**
- **The OeNB remains responsible for its core tasks in the cash cycle (such as issuance of euro banknotes, detection of counterfeits etc.) and acts as GSA's majority stake holder.**
- **The OeNB bears the costs of initial investments and therefore receives compensations for the rental of building and machines.**
- **The OeNB's strategy to ensure high-level quality of circulation is guaranteed.**

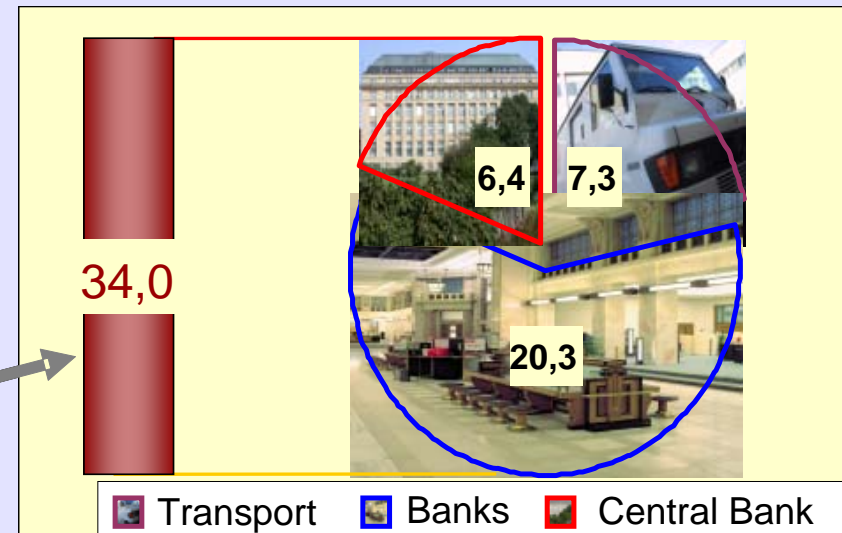
# Advantages of the New Money Handling System

## Savings for the banking industry

Costs before GSA-foundation



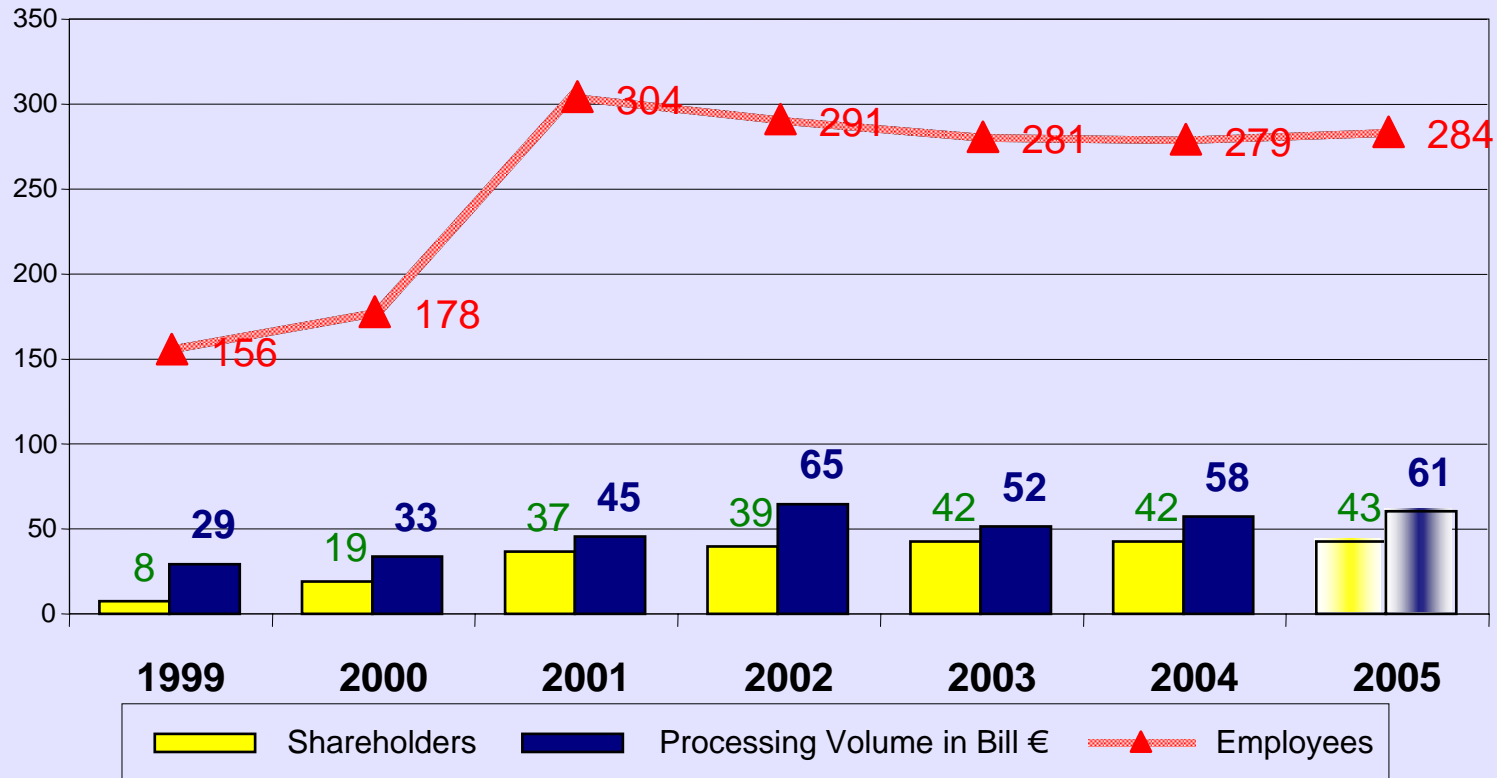
Effective Savings 2002



Effective Savings

**+ 4,9**

# GSA Development



## GSA – Success based on...

- **Modern technology**
  - Multi-denomination processing for banknotes and coins
  - Accuracy, data logging, detection of counterfeits
- **Broad variety of products**
  - For banking sector
    - E.g. from supply and collection of EUR to trade with EUR and foreign currencies in the whole world
- **Continuous innovations regarding processes and products**
  - Service of cash dispensers (1.700 ATMs of 7.956)
  - Service of night vaults (MULTI-Box)
  - Servicing of tollgates
  - Cash-Recycling Project
- **GSA does not offer core CIT-services!**





# Processing of Banknotes



# Processing of Banknotes



## **GSA Prices and Definitions**

- **GSA is not a CIT-company, it uses the services of CIT-companies.**
- **Main customers are commercial banks and not the retail sector. This is reflected in the pricing structure.**
- **Prices for retail customers are above market average.**
- **The pricing has been based on the priced calculated by GSG (a cash center owned by commercial banks only) with price rises up to 25% for different products.**
- **The premises are rented by GSA and the machines are leased. This guarantees the cost recovery for the OeNB. According to calculations the premises are amortized within 20 years, the machines within 8 years.**



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**Thank you for  
your attention.**

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