

ESTA 2005

“DRIVING TOWARDS A COMPETITIVE CASH CYCLE”

Cash Market Maturity & CIT Services - Research



By Ronald van Vliet, Managing Director



Agenda

Research Cash Market Maturity

- **Research outline**
- **Market Development Levels**
- **Conclusions & Interpretation**

CIT Time Table & Focus Points

CIT in mature markets

Research

The Research Effort

- Data Analysis & Interpretation of 26 countries world-wide
- Academic Study UK on 'The influence of Strategic Information Systems on the Competitive Advantage of CIT businesses'

The Research Focus

- The efficiency & maturity of the Banking Structure related to the Economic Development
- Categorizing countries in the development levels



Development level - 1 -

- Undeveloped market: (e.g. parts of Africa)
 - Large amount of cash
 - Retail uses cash to pay purchases
 - No mature banking system
 - Hardly any CIT
- Emerging market: (e.g. some Eastern Europe countries)
 - Retail deposits cash at banks
 - Purchase payments are largely done through bank accounts
 - Banks hold large amounts of cash
 - Start with ATM rollout
 - Developing CIT (often by banks)



Development level – 2 -

- Matured market: (e.g. some Western Europe countries)
 - Purchase payments through bank accounts
 - Consumers pay with cash and debit & credit cards
 - Banks hold less cash and close bank branches
 - Large number of ATM's
 - Possibilities for end-to-end cash services by CIT
- The next step ?
 - Cash diminishes
 - Most transactions are electronic
 - Banks hold no cash
 - Number of ATM's decreasing



Conclusion

Conclusions

A Country Developing Economically will show a

- Maturing Banking Structure, by
 - Level 1
 - Increase of Bank Branches, and
 - Introduction of ATM
 - Increase of cash recirculation through banks
 - Level 2
 - Increase of Self Service Points (e.g. ATM), and
 - Decrease of Bank Branches
- Maturing CIT services

Conclusion

Conclusions (2)

The Role of CIT in less developed countries is often fulfilled by (National) Banks

Consequences for CIT

Level 1

- Increasing CIT activity, emerging 'CIT' market
- Traditional CIT services required
- Basic IT support needed for security and operational reasons

Conclusion

Conclusions (3)

Consequences for CIT

Level 2

- (National) Bank withdrawing from cash process
- Development from traditional CIT to end-to-end services like ATM replenishment & cash processing
- Customer demands added value increase
- Cost of Cash/Interest related influences on just-in-time cash replenishment
- IT support major part of service

Crime Rate influence

“Cash society” influence

**Result
per
Market**

<p>Mature/Efficient United Arab Emirates Netherlands Hong Kong South Korea</p> <p>Add Value</p>	<p>Immature Russia USA Japan Brazil Poland Hungary</p> <p>Change Banking System</p>
<p>Economically Developing Brazil Turkey Mexico Hungary Argentina Indonesia</p> <p>Emerge</p>	<p>Mature/Inefficient Belgium Spain</p> <p>Rationalize</p>

**CIT
Time
Table**

Time Table for CIT maturity based upon

- **Economic Development**
- **Developing Banking Structure**
- **Recirculation frequency**
- **Therefore: Attractiveness**



**CIT
Time
Table**

Attractive Markets in time:

< 2 years	USA, Japan, South Korea, Greece
< 5 years	Mexico, Russia, Brazil, Indonesia, Turkey, Poland, Hungary
>5 years	India, Argentina, Morocco

Remarks: not enough data on China

Investigated countries: US, Japan, France, China, Italy, Canada, Spain, Mexico, South Korea, Russia, India, Australia, Brazil, Netherlands, Indonesia, Belgium, Poland, Turkey, Greece, Hong Kong, South Africa, Argentina, Hungary, Egypt, UAE, Morocco



Add Value to Services

Strategy towards Cash Service Provider

Intensify Customer Intimacy

Compete with ATM Vendors/Operators

Management Focus

1. Operational Excellence
2. Customer Satisfaction
3. Cost of Cash

Need for Information



**“A SIS results in Superior Performance and a
Competitive Advantage”**

Source: Academic Study UK University, '04



Baseline Business Objectives for SIS

Decrease the Costs of

- Operation & Administration
- Insurance

Increase Revenue by

- Generating New Business by market proposition
- Maintain Current Business by integration with Banks/Retailers

Next Level of Business Objectives for SIS

Optimize the Costs of Interest & CIT Services

- Find the Balance between CIT resources & Bank requirement for less costs

Act as Partner of the Banks & Retailers by **Added Value Services, Cost Cutting (& Protection of CIT margin)**

- Future Proof Software Solutions and Concepts for the Cash Industry
- End-to-End Software Solutions for
 - **Transportation**
 - **Cash Center Operation**
 - **Cash/ATM Optimization & Management**
 - **Service Level Management**
- With Professional Partners in Security



Thank you for your attention