

Session IV

Cash Outsourcing and Cash Recycling

Session chairmen – Ken Niven

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Cash Outsourcing & Cash Recycling

- Major changes in central banking at European **and** country level
- Structural bank changes will impact cash transportation and processing
- Opportunities and risks will be created for the CIT industry
- Vital for our businesses we understand the issues

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The context of change

- Cash in circulation continues to grow
 - Euro increases from 250bn to 400bn
 - 60-70% transactions in Europe are cash

But,

- Inefficiencies in cash management
- Need for more efficient, more secure cash distribution models
- CIT industry and banks can work in partnership to deliver effective change

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System Inefficiencies

- Cash distribution architecture and processes
- Logistics supply chain – too many manual processes
- Forecasting and planning

The means for improved cash management

- Overall costs must be competitive against electronic
- Stock reductions will reduce interest
- Security of notes – note integrity is vital
- Physical threats must be minimised
- Prevention of money laundering

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Central banks are changing their cash strategies

- Country central banks operate within framework of ECB recycling
- EC directive on counterfeiting (standards)
- Country central banks adopting differing distribution mechanisms

Significant change for all players in cash distribution

- More cash processing outsourcing opportunities?
- There will be an impact on CIT companies (opportunities / risks)

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- Management of note quality is a major driver of CIT activity currently:
 - Transport to Central Bank locations for note quality control
 - Transport to Cash Centre for note fitness sorting
- Growing trend towards local recycling arrangements
 - Deployment of recycling technologies
 - Recycling of cash through local ATMs
- Adverse consequences for
 - Note quality
 - Integrity / counterfeits

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- Framework for the detection of counterfeits and fitness sorting
- Sets guidelines
- ESTA welcome this.
- However, we have concerns:
 - Excludes retail organisations
 - Licensing at local rather than European level
 - Provisions needed for the handling of stained banknotes.
- Ongoing dialogue with ECB

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ESTA Conference welcomes the following expert central bank and cash industry speakers:

Central Banks

Mr. Antti Heinonen	Director Banknotes, European Central Bank
Mr. Kai Barvèll	Director Market Operations, Sveriges Riksbank
Mr. Stefon Augustin	Director of Cashiers Division & Branch Offices, Austrian National Bank

Cash Industry

Mr. Hermann Gessler	Giesecke & Devrient
Mr. James Hancock	Fluiditi (NCR)
Mr. Ronald von Vliet	Transtrack International
Mr. Graham Levinsohn	Group 4 Securicor