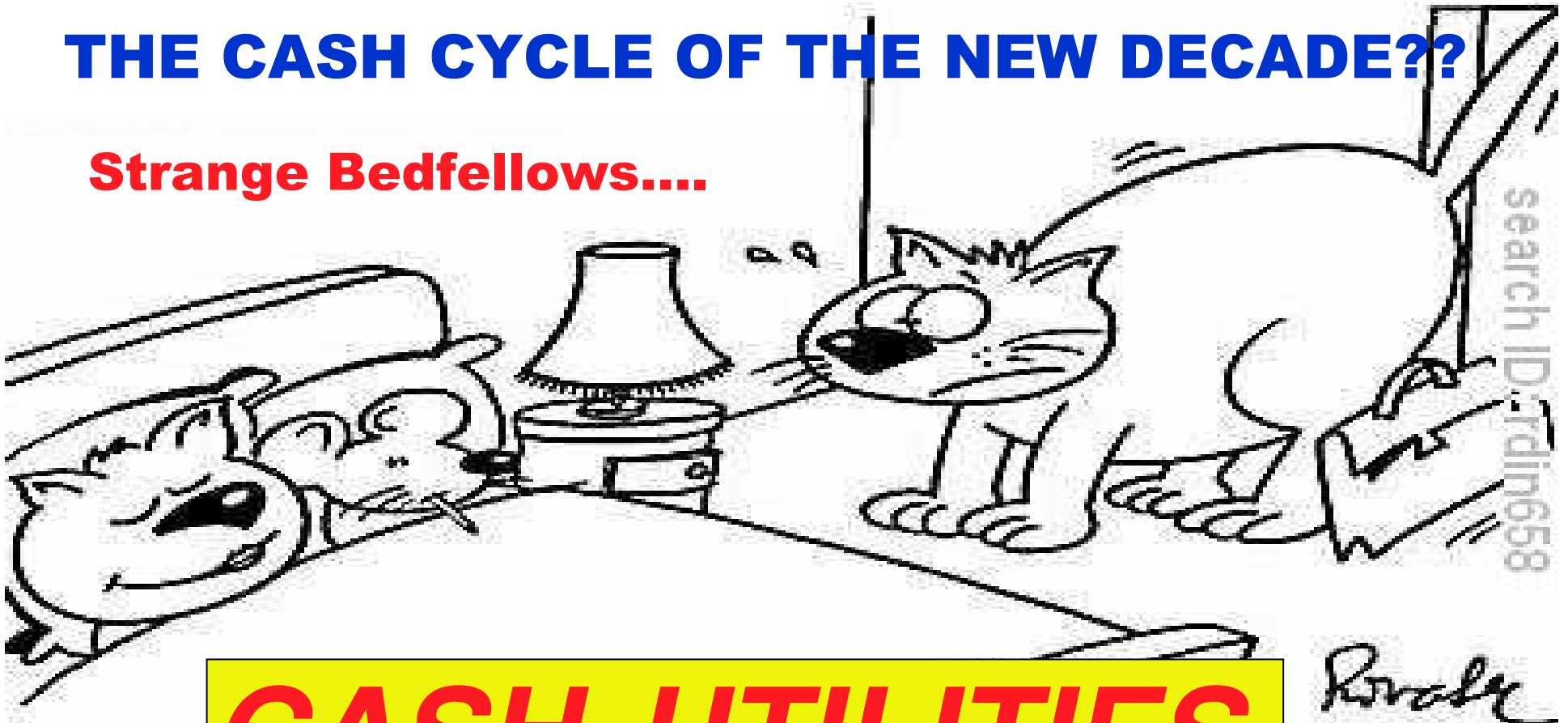


THE CASH CYCLE OF THE NEW DECADE??

Strange Bedfellows....



search ID: rdiin658

CASH UTILITIES

Mike Bowen, Chair of the ESTA Cash Group & Business Development Director, Cash Centres, G4S



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2 Possible Types of Utility

- **UTILITY** – One JV Company that provides cash services for all/most of the major banks
 - **JV OPERATING Utility**
 - Actually owns & operates most of the activities
 - **JV MANAGEMENT Utility**
 - Management only – physical activities outsourced to 3rd parties



The Joint Venture Cash Operations Utility

- A Joint Venture company owned by the (Central &) Commercial banks undertakes fitness sorting and cash recirculation
- The Utility may undertake some level of note destruction

Original exponents:

- Austria (GSA) since 1998
- NOKAS in Norway

Variants

- SBV in South Africa
- FINA Croatia



The Joint Venture

Cash Management Utility

- A Joint Venture company owned by the Commercial banks that manages cash circulation
- The Management Utility tenders, awards and manages contracts either directly or on behalf of shareholders
- The Management Utility may take ownership of the ATM network

Main exponents:

- Automatia in Finland since 1994
- Cash Services Australia (CSA) since 2001
- BDB in Sweden since 2005



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Perceived Arguments **FOR** the Utility

- Cash is a COST to Banks – non competitive issue
- Minimised capacity and optimised cash flows
- Economies of scale
- Control
- Central Bank physical processing exit strategy



Arguments Against a JV Utility

The Operational Utility is such a radical and relatively irreversible step it needs to address 3 KEY ISSUES from outset:

- **What's in it for the Commercial Banks?**
 - Why should a bank INVEST in a new entity?
- **What's in it for the Central Bank?**
 - Why should the Central Bank become INVOLVED in a commercial joint venture?
- **How are any Competition Issues addressed?**
 - Since the Operational Utility enjoys large economies of scale and some element of state ownership – barriers to entry & market concentration?



**WE CAN PROVIDE AN
ATTRACTIVE ALTERNATIVE**



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**We are not alone in
supporting cash...**



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Developments

- Post Financial Crisis Central Banks more explicit upon plurality in payments and contingency function of cash
- EU Commission has adopted a recommendation upon the Legal Tender Status of Euro banknotes & coins.



Distinguished Speakers

- Mr Ton Roos, Director of Banknotes, European Central Bank
- Mr Bernard Angel, Head of Unit, DGECFIN, European Commission

