



How Cash Management Outsourcing Empowers Branch Transformation and COVID-19 Response

By **Suzanne Cluckey** | Contributing Writer, ATM Marketplace

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Cash Management Services

HOW CASH MANAGEMENT OUTSOURCING EMPOWERS BRANCH TRANSFORMATION AND COVID-19 RESPONSE

A changing industry

The pace of change in the banking sector has never been more rapid — nor the pressure to get it right more intense — than it is today.

The imperative to serve a technology-driven world has compelled financial institutions (FIs) of all sizes everywhere to rationalize networks and reach for greater efficiency throughout operations.

FIs have shifted services, wherever possible, from physical channels to ATM and digital channels with the aim not only of cutting costs at the branch but also of sharpening their competitive edge against digital-only competitors.

This shift has accompanied the downsizing of branch networks as FIs encourage customers to move to digital and online channels. Between 2008 and 2018, FDIC-insured institutions shed more than 5,300 branches and nearly 148,000 employees in U.S. states and territories, a trend that not only continues to this day, but it is accelerating.

As part of their branch optimization strategy, banks have intensified their focus on the customer experience, seeking to cultivate deeper ties with customers and members through in-branch interactions that are both more personalized and more financially complex than basic teller transactions.

While this new focus on the customer is proving both necessary and beneficial, it also is resulting in some gaps in day-to-day operations. More time and attention devoted to complex and time-intensive customer interactions means less time available for routine cash-handling tasks.

And this is before the massive disruption caused by a global pandemic. Since the arrival of COVID-19 in the U.S. in the first quarter of 2020, financial institutions have had to make almost constant adjustments to branch operations. In the wake of mandated temporary closures, FIs have initiated far-reaching and indefinitely lasting changes to procedures and business hours, staffing levels and service capacity.

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It remains to be seen when the world will return to “business as usual” — or what “usual” will look like when it returns. For now, one thing is certain. Consumers across America still need and expect the services banks have traditionally provided, including cash.

In fact, consumer demand for banknotes actually increased at the outset of the pandemic, as consumers turned to ATMs for the security of cash in hand.

Stay-at-home orders certainly increased the use of digital payment mechanisms, but the demand for cash has remained strong, even as the management and handling of cash has become more problematic for ATM and branch networks.

This is where ATM cash management outsourcing shines.

ATM cash management solutions

Amid the ongoing work of branch transformation and the unprecedented disruption of a global pandemic, ATM cash management outsourcing offers an ideal solution for maximizing cost efficiency, safety and certainty in cash sourcing and distribution.

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A tailored outsourcing solution can also offer your institution maximum flexibility in its cash management program with an à la carte menu of services, including:

“A dedicated, experienced outsourcing provider can offer ... keen insights into cash demand and costs, helping to ensure constant availability and continuing cost-efficiency across the entire ATM network.”

- **Customizable cash sourcing** — A financial institution has two options for stocking its ATMs with cash: it can tap its own capital reserves or partner with a vault cash provider. While self-funding allows an FI to use “free” money, ancillary costs still apply — for insurance, armored carriers, equipment and employees to manage cash in-house. Alternatively, a flexible vault cash provider can craft a custom solution that assumes some or all of these functions while freeing capital locked up in ATMs to be deployed in other investments.
- **Cash forecasting and management** — A dedicated, experienced outsourcing provider can offer your institution keen insights into cash demand and costs, helping to ensure constant availability and continuing cost-efficiency across the entire ATM network. Particularly during times like these, cash demand can be especially hard to predict. The right cash management partner will help your institution anticipate demand at every ATM in your fleet, so that machines are adequately stocked and that cash isn’t allowed to sit idle.
- **Balancing and dispute resolution** — However your institution chooses to source its vault cash, the right ATM cash management partner will



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offer a swift and reliable accounting of the cash balance at each of your ATMs. This can help your institution to avoid both the short-term expense of an unnecessary emergency cash run and the harder-to-quantify customer impact over ATM outages.

- **Claims management** — A reliable ATM cash management solutions partner can provide timely resolution of any armored carrier claim, Reg E or cardholder processor claims, protecting your institution against consumer complaints and regulatory fines by providing a thorough paper trail documenting research and disposition of the claim.
- **Armored carrier management** — An all-in-one ATM cash outsourcing provider will offer the knowledgeable input you need to select a reliable armored carrier. Better yet, they may have the capacity to manage your existing carrier relationships fleet-wide, providing a consolidated invoice that eliminates confusion and reduces time spent by staff chasing paper trails.

The advantages of outsourcing

Most banks don't track and, therefore, don't know their real cost for internal cash management, though they generally believe it's higher than it should be. What they know very well is the frustration and distraction that results when staff are required to spend time chasing down ATM balancing errors, resolving customer disputes and arranging for, or carrying out, unscheduled cash runs.

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In most cases, they know that this time could be spent far more constructively and profitably serving the needs of customers. For these institutions, the implementation of a proven cash management outsourcing solution, delivered by knowledgeable and dedicated partner organization, can deliver tremendous benefits, beginning with:

“...outsourced cash management for your ATM fleet offers a real, ready solution to minimize ATM channel costs and maximize workforce productivity...”

- The ability to reduce or reassign staff in roles that enable greater productivity and morale, while assisting in the cultivation of customer relationships and sales.
- New cost savings made possible by leveraging the expertise and economies of scale made possible by a dedicated, nationally known and well-respected provider.
- Fine-tuning of ATM cash levels that ensures constant availability of machines while securing the institution against unnecessary risk and lost investment opportunity related to ATM overstocking.
- Improved customer satisfaction and loyalty arising from always-on ATM availability and improved services from their primary financial institution.
- Consolidated third-party risk management oversight of armored carrier operations that provides for fast, fair resolution of ATM disputes, clear insight into vendor performance and greater peace of mind over ATM-related costs, security and service.

With these benefits and more, outsourced cash management for your ATM fleet offers a real, ready solution to minimize ATM channel costs and maximize workforce productivity — not only at this particularly challenging time, but for the longer term, as well.

ABOUT THE SPONSOR:

U.S. Bank Cash Management Services offers best-in-class products and services to help your business thrive. Backed by the strength of U.S. Bank, we are the largest vault cash provider in the nation, managing over 58,000 ATMs with \$3.7 billion in monthly vault cash balances. Collaborate with our dedicated team to manage your costs and optimize your business with our cash forecasting, cash provisioning, reconciliation, claims and armored carrier management services.



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