

Cash isn't Obsolete



It's time to rethink your Cash Supply Chain



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1 Why Cash Can't be Ignored

Cash accounts for 44% of the volume and 23% of the value of payments in Canada.

Cash remains the most commonly used and accepted form of retail payment.

In today's debit and credit-driven retail economy, it's tempting to believe that cash is losing its luster. Nothing could be further from the truth. According to the [Bank of Canada](#), cash transactions account for 44 percent of total Canadian sales volume, valued at just over \$100 billion.



The Bank of Canada also notes that the value of transactions made in cash has remained almost unchanged, from four years prior, at 23 percent of all the goods and services sold.

Despite the decline in use of cash at point of sale (POS) over the past two decades, the [Bank of Canada](#) says cash remains the most commonly used and accepted form of retail payment, especially for the large number of low-value purchases. Its preferential status could be linked to consumer experience that paying with cash is

faster and easier than paying with plastic, and that cash is more widely accepted.

\$84 the average amount of cash Canadians carry

According to convenience and petroleum retailing industry experts, cash is viewed as a source of inefficiency and wasted resources for retailers. A [Convenience Store and Petroleum Magazine survey](#) found 70 percent of convenience store operators cited "inefficient cash handling" as their top issue, up 11 percent from the previous year.

70%



Percentage of retailers that cite inefficient cash handling as the top issue.

Payment Share: Volume by Type of Good

	Cash	Debit*	Credit*	Other**
Travel/Parking	57%	7%	29%	7%
Entertainment/Meals	56%	17%	22%	6%
Other	54%	17%	23%	5%
Hobby/Sporting Goods	44%	15%	36%	5%
Professional Services	41%	16%	36%	8%
Groceries/Drugs	39%	25%	33%	3%
Health Care	35%	18%	43%	4%
Durable Goods	29%	21%	45%	5%
Personal Attire	26%	26%	43%	4%
Gas	22%	30%	47%	2%

From counting and recounting cash, reconciling discrepancies and having to physically leave their business to make a bank deposit or to get coin for change, managers are increasingly frustrated at the time, expense and overall inefficiency of cash management.

Despite cash handling concerns and frustrations, credit and debit transactions aren't without their own challenges for business owners. [Canada's retail trade associations](#) have a long history of opposing credit card merchant fees, resulting in a voluntary agreement with Visa Canada and MasterCard Canada to reduce transaction charges. Despite merchant fee costs, managers say they prefer the ease of electronic payment processing and record keeping.

*Debit and Credit includes Contactless. **Other could include store-value cards and cheques.
Source: [2013 Cost of Payment Survey, Bank of Canada](#).



2 Cash Woes: The Impact of Outdated Processes

Today's retailers are focused on increasing efficiency and reducing costs.

Mid-sized retailers typically dedicate upwards of 30 labour hours a week to manual cash handling processes.

Implementing new technologies can benefit bottom line profitability.

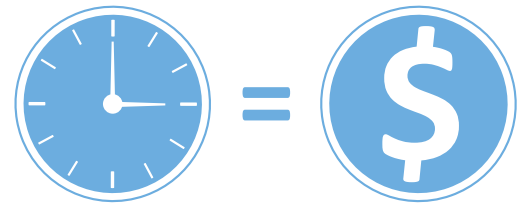
One thing is certain, businesses who are selling products and services can't ignore cash transactions. According to [Inc. Magazine](#): "Cash is the lifeblood of a business. Managing it efficiently is essential for success."

During tough economic times, a business' ability to effectively manage its cash can spell the difference between weathering the economic storm and floundering.

In an era where innovation is the norm, it is surprising to discover that today's cash management processes look very similar to processes that were in place 10 or even 20 years ago. Most often, stores and restaurants rely on employees to manually count the cash that comes in each day, record daily totals, recount the cash if there is a discrepancy, and then physically bring the deposit to a local bank branch.



Not only is this process time consuming, but the potential for errors, fraud and theft are significant. Mid-sized retailers typically dedicate upwards of 30 labour hours a week to manual cash handling processes.



While traditional approaches to cash handling may have been the best option in the past because there were few alternatives, today's technology improvements and innovations have made it possible for businesses to implement solutions that require minimal employee involvement. When factoring in time savings and labour cost reductions, process improvements and the implementation of new technologies can tangibly benefit bottom line profitability.

[Bank of America](#) Product Management Executive, Joan Branaccio, notes: "Today's retailers are focused on increasing efficiency and reducing costs, and are exploring how technology can help them. Sales drive profitability, so retailers want technology to help free their staff from duties – such as managing coin and currency – that keep them from spending time with customers."



3 Innovating Change for Cash Management

Outdated cash handling procedures can damage the bottom line.

There is a solution to help every business, regardless of size or cash volume.

Whether it's a lack of time to dedicate to changing existing process or a belief that a businesses' current approach to cash management is working just fine, the hard truth is this: outdated cash handling procedures can be very damaging for retailers and directly impact on the bottom line by:

- Wasting staff time
- Reducing customer service
- Creating inaccuracies resulting in increased reconciliation requirements
- Hindering visibility
- Reducing cash flow
- Increasing potential for theft and fraud

Cash management no longer needs to be a leading source of inefficiency for Canadian businesses. With a wide range of new options available, a retailer needs to assess their specific requirements to determine which product is the best fit. There is a solution to help every business, regardless of size or cash volume, to improve processes and reduce costs.

Armoured Car Service & Deposit Processing

Although not a new service, armoured car security service has changed with customer needs. At its core, this service arranges transportation of cash from the retail location to a bank or processing centre on a schedule that aligns with the business needs, providing enhanced security and time saving. Deposit Processing services increases efficiency and reduces the time required for retailers to prepare the bank deposit by leaving it to an Armoured Car Service or Processing Centre who can get it done quicker and with greater accuracy, allowing for improved record-keeping and peace of mind.

Smart Safes

Smart Safes have transformed cash management for retailers by providing them with a secure, high-tech mini bank depository. Cash is inserted into the smart safe where it is automatically counted, verified and authenticated reducing reconciliation time and errors. Some Smart Safes allow for deposits to be made daily to a financial institution, reducing pickup frequency by the Armoured Car service, improving a retailer's cash flow.

Cash and Coin Recyclers

With similar benefits as a Smart Safe, Cash Recyclers are a larger hardware unit that allow retailers to deposit coins and bills, while allowing employees to make withdrawals of change and smaller bills to create a float, or top up cash registers as required. Cash Recyclers let cashiers change larger bills for smaller denominations and locks down larger bills, while reducing the need for change orders.

Virtual Vaults

A Virtual Vault brings a retailer's cash supply closer to their location, even if there's no local bank branch. An armoured car company will maintain a supply of a Retailer's cash, and providing notes and coin for change. Virtual Vaults reduce lead time from order to delivery by moving the source of cash closer to a retailer's location. This allows for better cash flow and responsiveness in case cash is required quickly.



4 Time is Right for a Cash Management Review

Taking the time to improve a business' approach to cash management can yield significant benefits.

Implementing new processes and procedures might seem daunting, particularly for small and medium sized retailers who have little spare time to dedicate to planning.

[Toronto-based business consultant](#) James Phillipson says poor procedures and a failure to plan for potential issues wind up taking a great deal of time for managers of smaller businesses, time that can be better spent elsewhere.

While Phillipson's comments don't relate specifically to cash management, there's no doubt that business managers are frustrated by the time required to oversee cash process, and by the manual, dated processes and systems that many still have in place.

Taking the time to improve a business' approach to cash management can yield significant benefits that can directly have a positive impact on employee efficiency and profitability.

Cash Supply Chain Benefits

Eliminate Inefficiencies

For most businesses cash management is a tremendous source of inefficiency and misallocated resources.

With managers constantly under pressure to reduce costs and maximize efficiency, it is hard to justify dedicating employee time to counting money, making bank deposits and preparing cash drawers.

Implementing a smart safe to manage cash may result in:

- 67% reduction in staff time spent on change fund validation.
- 10% reduction till audit time.
- 70% reduction in time to balance floats.

Improve Customer Service

When employees are relegated to a back room to count cash, fewer staff members are out on the sales floor tending to customers. Since optimal customer experience is the new battleground in today's retail environment, a customer who feels ignored will simply leave the store, and find what they need at a competitor.

"Delivering positive customer experiences is no longer a 'nice-to-have' for organizations. It is now need-to-have," says Shaun Belding, CEO of [The Belding Group of Companies](#), whose mystery shoppers rated "trouble finding staff to assist them" at 47 percent.

Managers face a daily balancing act between the need to increase sales, while controlling payroll costs.

Implementing new technologies such as cash recyclers and smart safes may:

- Cut overall labour required for cash management by 66%.
- Save 80% of labour time required to create store floats.
- Eliminate float and deposit prep time.

Cash management labour savings means more time can be spent servicing customers.



4 Time is Right for a Cash Management Review (continued)

The Retail Council of Canada estimates shrinkage costs Canadian businesses \$4 billion annually; or \$10.8 million per shopping day.

Reduce Shrinkage

Retail shrinkage refers to loss of cash and inventory due to counting errors, theft by employees or customers, accounting mistakes, fraud and loss. Shrinkage is an inherent risk to any business that takes in sums of cash throughout the day.

Regardless of the cause, dealing with shrinkage has significant costs both in time and products or services to mitigate risks.

The [Retail Council of Canada](#) estimates shrinkage costs Canadian businesses:

- \$4 billion annually; or \$10.8 million per shopping day.

To combat shrinkage, businesses adopt a range of products to minimize potential losses. According to the [Canadian Retail Security Survey](#), top theft precautions include:

- Alarm systems – 94%.
- Closed circuit TV/DVR recording systems – 89%.
- Safes – 88%.
- Exception reporting systems – 88%.
- Use of armoured cars – 83%.

Improve Visibility

Beyond the time and potential safety concerns for the employee making trips to the local bank branch, retailers lose visibility into their revenues, balances, and even access to cash, especially if deposits are made after hours. In cases where retailers have multiple locations, tracking deposits across banks and branches can be an issue.

Retailers can also lose instantaneous visibility into its entire cash holdings and don't benefit from favorable terms available to high-balance accounts.

Using an armoured transportation service completely eliminates the security risk of employees transporting cash.

Smart Safe technologies and Cash Recyclers:

- Provide real-time visibility into their operations' revenues.
- Reduces time needed to reconcile store vault and cash by 60%.
- Eliminates staff time away from the retail location to make deposits.

Streamline Processes

Often, cash management processes are a patchwork of procedures put in place over the years, and repeated often enough that they have come to be regarded as "policy".

Outdated policies can put retailers at risk since any inconsistencies may be a red flag to a federal auditor.

New services and technologies can simplify cash handling processes by:

- Reducing manual counting and verification.
- Increasing safety for employees.
- Reducing theft risks.
- Boosting visibility.
- Improving cash flow.

Cash handling process improvements leveraging new technologies and services can yield cash handling savings of much as 20%.



5 Entering a More Efficient Cash Handling Era

Retailers can turn to a new suite of technology-driven products that can transform their approach to cash management.

Whether a small corner store or a larger retailer, cash transactions aren't going away anytime soon. Continuing to follow outdated cash management processes can have a significant, if hidden, cost to your bottom line in terms of lost labour time, errors, theft and reconciliation hassles.

With cash accounting for roughly 44 percent of the total volume of transactions, and the preferred payment choice for roughly one-third of transactions below \$25, it's clear retailers need to boost efficiency to remain competitive and offer their customers the best possible shopping experience.

1/3

of transactions under \$25 is made in cash

Today's retailers can turn to a new suite of technology-driven products that can dramatically transform their approach to cash management, eliminating the frustration with inefficient and time consuming methods of the past.

But, before getting started, enlist the services of an experienced cash supply chain consultant to assess your unique cash environment and provide you with the customized solution tailored to your needs. Look for a company that has extensive cash management experience, Canadian market expertise, can offer a customized (not cookie-cutter) strategy, and has the latest technology and skills to provide a high quality, fail-safe solution. Some companies may offer one or two of these attributes, but only a true cash management expert will offer all four.

To learn more about how Brink's Canada can help streamline your cash management processes to free up time, boost security and improve visibility, visit www.brinks.ca or call 1-800-570-2867.



This is The New Brink's

Brink's can offer a better approach to help you manage your cash supply chain.

Technology is rapidly changing the use of cash. With the progression of contactless payment technology and mobile payment options, customers expect flexibility. In response, Brink's is evolving.

Brink's knows that every retailer has unique goals. Time is spent managing cash, detracting managers from overseeing employees and day-to-day operations, taking them away from customers.

Brink's can offer a better approach to help you manage your cash supply chain.

Through The Brink's Discovery Process, we will take a consultative approach to understand your business challenges, optimize your processes and utilize our best in class partnerships and core competencies to enable a tailored cash management solution. The right solution can help you build the most efficient and cost-effective cash supply chain, saving time and money, giving managers more visibility to where the cash is, and giving staff more time to focus on the customer experience.

Need help? Think Brink's.



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