

# 6 WAYS PLANNING VAULT, ATM AND BRANCH CASH BY SPREADSHEET COULD COST YOU A FORTUNE

See if your cash management is costing more than it should

An NCR White paper



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1 Perfect hindsight? Better to anticipate.

2 An ATM without cash is a pointless thing.  
A branch without cash is a disaster.

3 If you have to forecast, forecast often

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5 Spreadsheets and enterprise process risks and costs

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# Do you know how much your cash replenishment scheduling really costs?

According to Retail Banking Research\* between one third and one half of Financial Institutions in Europe use simple tools such as spreadsheets to manage their cash scheduling for ATMs. In NCR's experience the proportion in other regions is at least as large if not larger.

Spreadsheets have become a popular tool that is found everywhere in the business environment because users can develop quick applications to meet immediate needs without having to go through a procurement cycle. However, speed of implementation and lack of up-front investment doesn't come without costs.

Here are six examples that show why a spreadsheet might be the most costly way to schedule ATM and branch cash replenishment.

\*ATMs in Europe 2014 : Hardware, Software and Services. Retail Banking Research.

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Using spreadsheets to schedule ATM and branch cash replenishment could cost you up to \$1m a year.





# 1. Perfect hindsight? Better to anticipate.

The future's not what it used to be. Unfortunately this applies all too often for the simple forecasting approaches spreadsheet models are forced to use and the result all too often is cash outages and emergency deliveries.

Combining hindsight, awareness of the present and knowledge of future events to anticipate demand results in the right amount of cash, at the right time, to the right places.





## 2. An ATM without cash is a pointless thing. A branch without cash is a disaster.

Spreadsheet cash scheduling tools are not intelligent and are forced to plan for large safety stocks to avoid cash outage. They lack the all-important enterprise grade forecasting and modelling tools that calculate how much cash is needed in each location and when.

Typically the large planned safety stocks are still not enough and the winner is the transportation company invoicing for emergency deliveries.





# 3. If you have to forecast, forecast often

Spreadsheet cash replenishment plans tend to remain relatively stable until something happens to change it, such as cash outage escalations to senior management.

The real world is seldom stable for long with seasonal trends, long term trends and disruptive change as consumers react to new retail locations, growing and shrinking employer locations and the natural ebb and flow of a vibrant commercial environment.

Cash optimization technologies integrate with other systems to monitor real-time balances and adapt their schedules according to unfolding events.

Adapting cash replenishment schedules in response to changes in demand minimizes emergency visits and avoids downtime. The result is cost savings and customer confidence in your retail banking network.





## 4. Technology provides answers, only people ask questions

The best spreadsheet solutions feature a level of scripting and automation. Some may feature best practice error detection formulae. A few link through reporting interfaces to other bank systems for their information. The majority are simple manual productivity tools. The operator role is to work the process each day without making a mistake.

With a fully integrated, automated enterprise grade tool process workflow is guided, operator errors are prevented or detected and recorded, input data is automatically imported and validated, outputs are automatically fed to client systems. The operator role is to monitor and ask the right questions and then take the appropriate direct action, dramatically improving the cost of cash.

- "Why does that vendor often deliver a different amount than was ordered?"
- "What has caused demand at that branch to change dramatically over the last two months?"
- "Which new contract proposal from my CIT would work out lower cost over time?"





## 5. Spreadsheets and enterprise process risks and costs

The risks of using spreadsheets to manage enterprise processes has come under increasing management and regulatory focus. While most focus is on spreadsheet use for capital adequacy and risk management, their use in other enterprise processes are increasingly questionable.

Risks include the dependency on the original author for support, the impact of the inevitable errors in the spreadsheet tools and the impracticality of effective testing. Costs include the impacts of spreadsheet error and the disruption resulting from migration onto new releases of PC operating system and spreadsheet package.







## 6. Cost and availability optimization

Developing a spreadsheet tool to manage regular ATM cash replenishment for a large network without causing excessive downtime is an impressive feat of modelling.

The ideal is a cost optimized replenishment plan, dynamically tracking changing interest rates, contract costs and demand profiles and reacting to un-forecasted demand to avoid downtime. This is far beyond the capabilities of any spreadsheet or desktop tool.



# Save \$1,000 per ATM and \$2,000 per branch annually

The costs of providing cash to a retail banking network varies dramatically between regions, countries and institutions. Interest rates, labor and Cash In Transit contract costs, cash demand and availability, transaction volumes, risk and insurance all play a part.

By modelling and optimizing these costs using an enterprise grade cash inventory optimization solution NCR estimate that annual savings of \$1,000 per ATM, \$2,000 per branch and orders of magnitude more at each vault are likely and in some cases significantly more.

You can expect a cash optimization solution to deliver significantly more value than this through improved customer availability, better cash reporting and visibility and automation labor savings in the cash management organization.

Using spreadsheets to manage cash inventory and scheduling could easily cost a bank with a few hundred ATMs, branches and vaults a million dollars



# Why NCR?

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