

EFMA

events



# Future of Cash

Frankfurt, 17-18 November 2011  
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Best practices in retail financial services  
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## Future of Cash

In 2010, cash in circulation has returned to a “normal” growth rate, with a 4% increase in the eurozone after two years of exceptional growth in the aftermath of the financial crisis. However, there are considerable differences across the regions as some countries have had some success with cash substitution while others continue to see growing cash usage. The Netherlands, along with the Nordic countries, seem to be leading the way, with measures to encourage electronic payments, which are sometimes perceived as being in contradiction with European guidelines on legal tender.

However, regardless of its usage at the point of sale, the cost of cash is continuing to increase essentially at the expense of commercial banks. The overall increase in cash volumes, combined with central banks reducing their share of processing lead to a transfer of costs to the financial sector. The European Payments Council estimates that the cost of cash represents 50 to 75 billion euros for European economies and the optimisation of the cash cycle remains more than ever the main priority for financial institutions.

To achieve this goal, banks are following different strategies:

**Re-engineering the cash cycle.** As central banks are reducing their infrastructure in almost all countries, stakeholders are reviewing cash distribution models and their governance in order to guarantee an optimal and robust circulation of cash. Recent evolutions include Germany, where the Bundesbank is encouraging commercial banknote re-circulation via licensed payment service providers, and the Netherlands, where commercial banks are developing an interbank utility to process cash.

**Cash automation.** In the space of 40 years, the ATM has become ubiquitous and installations have been continuing to grow in spite of branch closures in some markets. Furthermore, automated deposit and recirculation are picking up with a view of reducing labour-intensive over-the-counter transactions. Retailers have also been automating both their back and front offices in order to improve productivity and accelerate the crediting of their accounts. Cash automation improves productivity, however, it also leads to higher cash inventories and requires sophisticated cash management tools for further optimisation.

**Optimising sourcing strategies.** The cash supply chain remains fragmented and product-centric with different providers offering hardware, maintenance, transportation, software solutions. To achieve seamless straight-through-processing, banks need to achieve the right balance between in- and outsourcing, partnerships and cost-centric procurement strategies.

The Future of Cash conference brings together all stakeholders in the cash cycle : central banks, commercial banks, retailers, payment service providers, cash logistics companies... With the aim of providing a forum for exchanges of best practices and the optimisation of the cash supply chain. ■

### A special thanks to our partners

- CTS Cashpro
- European Payments Council



Guillaume Lepecq  
Chief Executive Officer  
**AGIS Consulting**  
France

#### Opening remarks

Hans-Joachim Massenberg  
Member of the Management Board  
**Bundesverband Deutscher Banken**  
**Association of German Banks**  
Germany

#### Cash logistics in transition

### The changing role of central banks in the cash cycle

Helmut Rittgen  
Chief Cashier  
**Deutsche Bundesbank**  
Germany

**The quality of banknotes in circulation**

- The German cash cycle
- Bundesbank's participation in the cash cycle
- Return frequency
- Automation of cash processing

Ton Roos  
Director Banknotes  
**European Central Bank**  
Germany

**The use of euro banknotes in the Eurosystem**

- Developments in the circulation of euro banknotes
- Evolution of counterfeits
- The use of cash in the Eurosystem

Barbara Bennett  
Vice President and Senior Policy &  
Strategy Officer, Federal Reserve System  
Cash Product Office  
**Federal Reserve Bank of San Francisco**  
USA

**Evolution of cash usage and the cash cycle in the USA**

- The Federal Reserve's long-range strategy initiative for the cash cycle
- Cash volume trends in the USA
- Forces affecting the future of cash usage and cash handling practises
- Implications for the evolution of the cash cycle and the Federal Reserve's role

### Re-engineering the cash cycle

Jan Binnekamp  
Head of Cash Policy Department  
**De Nederlandsche Bank**  
The Netherlands

**Optimising the Dutch cash cycle**

- Cash usage in the Netherlands
- Optimising the DNB national cash infrastructure
- The Dutch consignment model and its evolution
- The GSN concept
- Future plans

Andreas Goralczyk  
Director Retail Banking  
Banking Technology  
**Bundesverband Deutscher Banken**  
**Association of German Banks**  
Germany

**Challenges and perspectives from the private banks**

- The challenges of cash logistics in the German market
- Changes in the cash cycle
- Private cash recycling: opportunities through market access
- New business models for cash logistics

## Cash in SEPA

Norbert Bielefeld  
Deputy Director  
Payment Systems  
World Savings Banks Institute  
European Savings Banks Group  
Belgium

### Reconciling public objectives with current policy and legislation: unfinished business

- The impact of SEPA and PSD on the cash cycle
- The impact of commercial recycling
- Reducing funding costs with balance sheet relief models
- Achieving a level playing field within the eurozone

Daniel Heuzel  
Senior Manager Security  
Safety and Cash Management  
ING Belgium  
Belgium

### Challenges in the Belgian cash cycle

- The Belgian market in 2010
- Cash logistics in a crisis situation
- Solutions identified and lessons learnt
- The Belgian cash cycle in 2011

Gareth Lodge  
Senior Analyst  
Celent  
Oliver Wyman Financial Services  
United Kingdom

### How much cash will you need in the future?

- New customer trends in payments
- New payments channels
- International examples

## Developing profitable cash services

Luke Olbrich  
Head of Debit Europe  
MasterCard Worldwide  
Belgium

### Going cashless

- Is it possible to live without cash?
- What cards can bring to consumers
- How cards will play in the future of payments

Bjorn Larsson  
Managing Director  
Bank of Ireland First Currency Services  
United Kingdom

### Optimisation of foreign exchange banknote operations

- Foreign currency is an obvious area for efficient sourcing
- Achieving cost-efficient sourcing of hardware, software, storage
- Offering commercially competitive propositions to a wider audience
- Managing currency sourcing, exposure, static and transit risks and regulatory compliance

Mohammed Ali Idrissi  
Directeur Direction Distribution  
Banque des Particuliers et  
Professionnels/B2P  
Banque Centrale Populaire  
Morocco

### Chaabi direct: implementing a successful cash to account remittance system

- The Moroccan remittance market
- The Chaabi direct business model
- A third party distribution network
- Lessons learnt and future prospects

Jenny Campbell  
Chief Executive  
YourCash  
United Kingdom

### Cash: the customer's choice

- What we have done so far
- Benefits to the customer
- Our customers like us
- More customers want us!
- It's about providing CHOICE, isn't it?
- We can (and will) continue to make a difference

## Achieving operational efficiency

Ana Paula Delgado  
 Departamento Executivo de Operações  
**Banco Espírito Santo**  
 Portugal

### Managing cash at Banco Espírito Santo

- Portuguese cash cycle
- BES cash processing: the recycling experience
- ATM cash optimisation
- Remote cash deposit

Thibault Grac  
 Responsable du Pilotage Espèces  
**BNP Paribas**  
 France

### Optimising ATM management safety: banks' operational solutions

- The French context: high risks, distinct commodity index transactions crews and ATM technicians
- The BNP Paribas context: a process which remains largely in-sourced
- Objective n°1: reduce replenishment times
- Objective n°2: reduce replenishment frequency
- Objective n°3: reduce spotting risks

Jim Molloy  
 Manager  
**Bank of Ireland - Group Payments**  
 Ireland

### Driving operational efficiency in cash processing at Bank of Ireland

- Cash in Ireland today: background and scope
- The role Bank of Ireland plays in the cash economy
- Bank of Ireland's strategy in driving operational excellence in cash processes

## Meeting retailers' needs

Thomas Berg  
 Senior Expert Innovation  
 and Consulting Management  
**DZ Bank**  
 Germany

### DZ Bank's "BargeldService" for retailers

- Collaborative cash processing model
- Business opportunities due to regulatory and market changes
- Several solutions for different needs
- Future prospects

Barry Cosker  
 Senior Product Manager  
 Trade, Payments and Cards  
**Lloyds Banking Group**  
 United Kingdom

### Wholesale banking cash propositions in Lloyds Banking Group

- Maximising channel effectiveness
- Bank of England note circulation scheme: opportunities and flexibility
- An outsourced cash processing model
- Volume-driven solutions to reduce operating costs
- Self-servicing and future cash needs

Barnabás Ferenczi  
 Director of Cash Logistics  
**Magyar Nemzeti Bank**  
**Central Bank of Hungary**  
 Hungary

### Catalysts, consequences and limits in the commercial sector of central bank cash logistics automation: the Hungarian experience

- Increasing efficiency in traditional central bank operations and its impact on the commercial sector
- New initiative: logistic standardisation in the most automated cash centre in the EU
- Business innovation to support containerisation: new transaction formats, new fees, notes-held-to-order
- Shareholders' reaction: how far can we go?

Leonor Machado  
 Chairperson of the Cash Working Group  
**European Payments Council**  
 Belgium

### ATM cassette standardisation

- The position of the European Payments Council
- Pros and cons of standardisation
- The way forward

**New operational models****Study presentation****Cash cycle optimisation**

Ralf Krause Partner Firstwaters  
Ortwin De Vliegher Advisor Financial Sector Minister of Economy and Reform

Flora Hamilton  
Executive Director Europe  
ATM Industry Association  
United Kingdom

**Cash recirculation at the ATM**

- Global and European trends
- Deposit automation at the ATM
- ATM "recyclers"
- Retailer partnerships

Roel van Anholt  
PhD Candidate in Logistics  
VU University Amsterdam  
The Netherlands

**Business and consumer perspectives on ATM performance**

- Study on the perception of ATM performance by different cash supply stakeholders
- Key performance indicators: customer service and cost optimisation
- The importance of including the cost of capital into ATM management decisions
- Bridging the gap between the ATM service perceptions of consumers and banks
- Lessons learnt and recommendations for improving ATM management and service levels



## Thursday 17 November 2011

8:15	Welcome coffee & registration
8:30	Guillaume Lepecq <b>AGIS Consulting</b>
8:45	Hans-Joachim Massenberg <b>Association of German Banks</b>
9:10	Panel session
9:15	Helmut Rittgen <b>Deutsche Bundesbank</b>
9:40	Ton Roos <b>ECB</b>
10:05	Barbara Bennett <b>FRBSF</b>
10:30	Panel session
11:00	Break
11:30	Jan Binnekamp <b>DNB</b>
11:55	Andreas Goralczyk <b>Association of German Banks</b>
12:20	Panel session
12:40	Lunch
14:00	Norbert Bielefeld <b>ESBG-WSBI</b>
14:25	Daniel Heuzel <b>ING Belgium</b>
14:50	Gareth Lodge <b>Celent</b> <b>Oliver Wyman Financial Services</b>
15:15	Luke Olbrich <b>MasterCard</b>
15:40	Panel session
16:10	Break
16:40	Bjorn Larsson <b>Bank of Ireland First Currency Services</b>
17:05	Mohammed Ali Idrissi <b>BCP</b>
17:30	Jenny Campbell <b>YourCash Limited</b>
17:55	Panel session
18:25	End of day one
18:30	Cocktail dinner

## Friday 18 November 2011

8:15	Welcome coffee
8:30	Ana Paula Delgado <b>BES</b>
8:55	Thibault Grac <b>BNP Paribas</b>
9:20	Jim Molloy <b>Bank of Ireland</b>
9:45	Panel session
10:15	Break
10:45	Thomas Berg <b>DZ Bank</b>
11:15	Barry Cosker <b>Lloyds Banking Group</b>
11:45	Barnabás Ferenczi <b>Magyar Nemzeti Bank-</b> <b>Central Bank of Hungary</b>
12:15	Gerard Hartsink <b>EPC</b>
12:40	Panel session
13:10	Lunch
14:30	Ralf Krause <b>Firstwaters</b> & Ortwin De Vlieghe <b>Minister of Economy and Reform</b>
14:55	Flora Hamilton <b>ATMIA</b>
15:20	Roel van Anholt <b>VU University Amsterdam</b>
15:55	Panel session
16:30	End of conference

