

# White Paper

## Cash Management in Retail

How retailers can drive higher efficiency and reduce costs with automated cash handling technologies.



**GUNNEBO®**

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# Introduction

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For all the discussion about cash disappearing due to the rise in mobile and card payments, cash still remains a popular form of payment. According to the Federal Reserve's latest consumer payment findings, consumers use cash to pay for nearly one-third of retail transactions,<sup>1</sup> making cash handling a critical part of managing a retail operation.

With its sizeable presence in retail environments, cash presents significant challenges for retailers. Business owners and store managers must deal with not only time-consuming, manual cash handling processes, but also shrinkage, theft and robbery on a daily basis.

So, what can retailers do to process cash more efficiently? How can owners and managers prevent loss of money at the checkout and in their cash office? What are some key ways they can protect their staff, employees and store from both internal and external threats?

In this white paper, you will see how cash management technology can help retailers achieve greater efficiencies and significant savings through automating cash handling processes. We will explore what role technology can play within the cash process and how retailers can benefit at each step of the way. Retailers who adopt the right technology will gain from it through increasing operational efficiency, reducing costs and improving the overall customer experience in retail.



# Cash is here to stay

Cash will not go away. That's a fact. Cash has been around for 27 centuries and has proved to be one of mankind's most successful inventions. It remains the most used and widely accepted form of payment in the U.S.

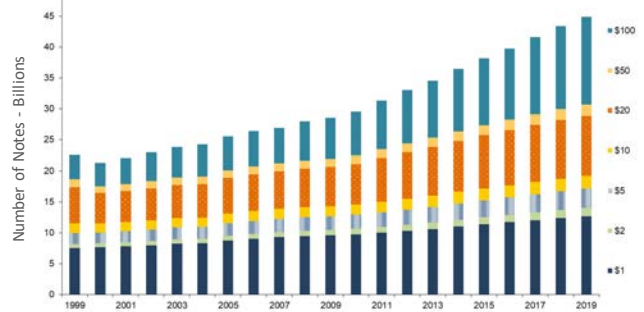
As reported by the Federal Reserve, notes in circulation have steadily grown year over year since 1999. In 2019, cash represented 47% of all transactions under \$10.00 and 33% of all those under \$25.00.<sup>2</sup>

While the media recently reported that Covid-19 may be driving us more quickly towards a cashless society, the figures do not actually support this.

During the crisis, the amount of cash people carry increased 17% from the pre-pandemic amount reported in a 2019 survey by the Federal Reserve. Cash holdings rose by 71% for individuals who withdrew extra cash and by 10% for those who did not remove more cash.<sup>3</sup>

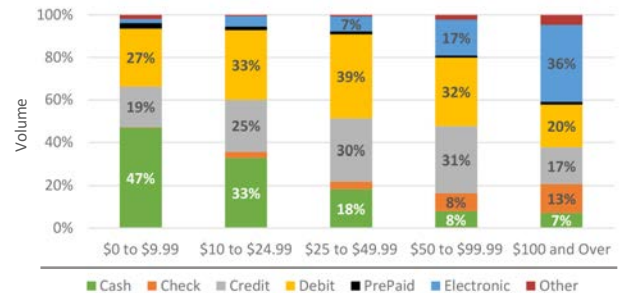
Another poll by fintech firm, CoinFlip, found that many Americans do not want to part with using notes; 53% of respondents said Covid-19 "had not changed their cash-carrying habits" and an additional 15% indicated that the pandemic had led them to carry more cash than usual.<sup>4</sup>

Growth of Currency in Circulation by Year



Source: Board of Governors of the Federal Reserve System, 2019.

Payment Instrument Usage by Purchase Amount - 2019



Source: Cash Product Office of the Federal Reserve System, 2019.



# The cash process in retail

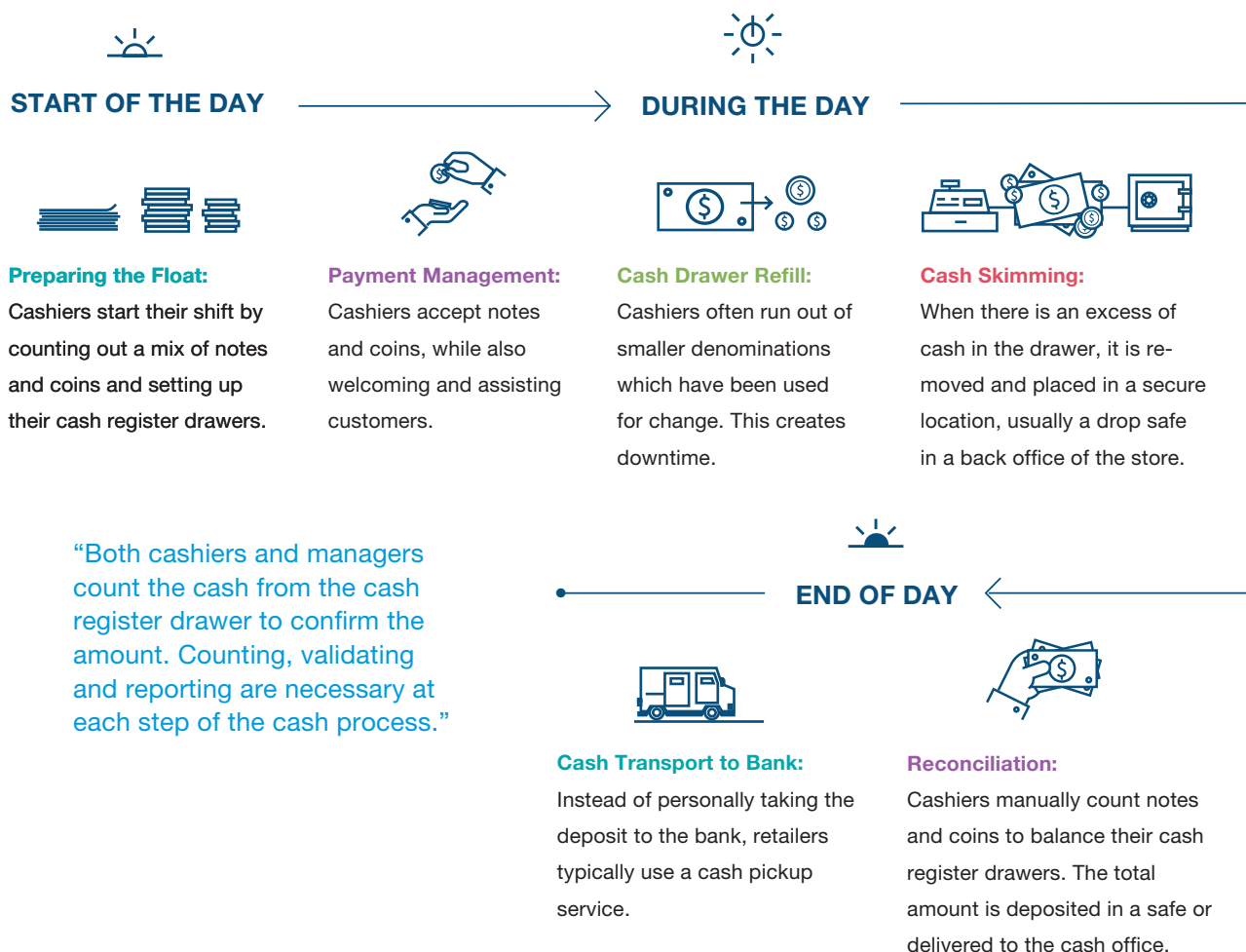
As cash accounts for nearly one-third of in-person transactions, retailers handle large amounts of notes and coins each day. In order to manage the cash, they must perform several tasks throughout the day. Cashiers must:

- Validate and count cash into drawers at the start of their shift
- Handle cash during customer transactions, while also greeting and assisting customers

- Refill cash register drawers when they run out of smaller denominations
- Remove excess cash and bring it to a back office
- Deliver deposits to a cash office or the bank

Both cashiers and managers count the cash from the cash register drawer to confirm the amount. Counting, validating and reporting are necessary at each step of the cash process.

## A day in retail



# Know your cash management risks

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## Time and Costs

For retailers, having to manually count cash, replenish cash drawers, perform daily reconciliations, balance cash drawers and prepare cash for transportation cost time and money. Administration alone, including the time spent on cash reconciliation, can represent over 70% of cash management costs. As a result, efficiency declines and customer engagement is set aside.

## Security

Theft and robbery present serious challenges for retailers. They represent significant costs to retailers and serious risks to safety. According to the *32nd Annual Retail Theft Survey* conducted by Jack L. Hayes International, more than 348,000 shoplifters and dishonest employees were apprehended in 2019 by 21 large retailers who recovered more than \$136 million.<sup>5</sup> In 2019, the National Retail Federation reported that organized retail crime cost retailers over \$700,000 per \$1 billion in sales.<sup>6</sup>

## Shrinkage

The loss of inventory and cash is caused by cash register skimming, employee theft, shoplifting, and cashier or administrative errors. The National Retail Federation reported that shrink is at an all-time high. According to their annual *National Retail Security Survey*, “Retail shrink totaled \$61.7 billion in 2019 amid rising employee theft and shoplifting,” up from \$50.6 billion in 2018.<sup>7</sup> When cash procedures are done manually and are not tightly controlled, it’s very difficult to track down when and where errors happen.

## Control of Cash Levels

Cash management is all about visibility and control. Knowing how much money you’re dealing with each day at each store location and where that money is going is key to successful management. Managing cash levels and cash processes manually costs retailers significant amounts of time and money.



# Retailer benefits using automated cash handling

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## Increased Operational Efficiency

Automated cash management solutions shorten and eliminate many manual cash handling tasks, saving retailers both time and money. By streamlining operations, retailers shorten their overall cash cycle and cashiers can spend more time engaging customers.

## Higher Security

Minimizing the risk of theft and robbery by using automated cash handling systems with built-in certified safes reduces cash access to everyone involved in the cash cycle. Employees feel safer and owners have greater peace of mind knowing they are doing everything possible to protect their staff and customers.

## Loss Prevention

Shrinkage from internal and external theft is greatly reduced with smart cash management systems. There is greater transparency with cash deposits registered from every cashier on every shift.

## Optimized Cash Cycle Monitoring

End-to-end solutions, including hardware, software and associated services help optimize cash management security. Cash tracking and reporting software provides better overall control and monitoring of the entire cash cycle across single and multiple store locations.



# Automated cash handling systems

There are several automated cash management options available to retailers. Understanding the functionalities of each will help you decide which ones will best meet your cash processing needs.

## Closed Cash Handling Systems

Closed cash handling systems keep cash locked away from the moment a customer pays to the point at which it is collected by a pickup service. These systems are integrated into a store's point-of-sale, front and back office processes:

- A payment station at the checkout for notes and coins which recycles cash as change and stores larger denominations in separate cassettes
- A sealed cassette (sometimes ink-protected) to securely transport cash to the back office
- A back-office deposit safe into which the cassette is inserted and removed by a pickup service upon cash collection

## Cash Deposit Systems

Cash deposit systems, also known as smart safes, accept, count and validate cash deposits and generate detailed audit reports of cash transactions. This saves time on handling cash and adds a higher level of staff accountability to the process.

The safes can be connected to a pickup service and bank for real-time monitoring of cash levels. Provisional credit can be arranged with the bank, where the bank will credit the deposit before the physical cash arrives. This gives retailers faster access to their working capital and reduces the need to make actual deposits at the bank.



Closed cash handling system



Smart safe

Smart safes are designed for retailers of all sizes. Compact, under-counter systems handle low to mid-volume cash deposit at the checkout. High-speed, large-volume smart safes rise in their note capacity and deposit processing speeds, making them ideal for back-office operations.



# Automated cash handling systems and software

## Cash Recyclers

Retailers use cash recyclers for a combination of cash deposit and dispense processes. The system accepts, counts, deposits and stores cash in a secure certified built-in safe. Often referred to as a virtual vault, the system dispenses the stored cash as needed throughout the day, eliminating the need for manual cash handling and visits to a cash office or vault.

Cash recyclers automatically dispense notes and coins for cash drawers in the morning. Daily money received is then recycled into the day's cash float and any overflow is collected and deposited in the bank. When cashiers are running low on a denomination, they can refill their cash drawers from the back-office recycler.

Detailed audit reports of the day's cash transactions are generated for balancing and reconciliation at the end of the day, saving significant administrative time and costs in back office processes.

## Cash Control and Reporting Software

Cash control and reporting software provides online tracking and reporting of cash for single or multiple cash handling systems.

Working together with your cash management systems, the software provides a comprehensive view of cash amounts, sales reconciliation, collections and deposits to the bank.

Using cash tracking and monitoring, store owners can optimize cash flow planning across multiple retail locations, while store managers and financial staff can better manage daily cash levels within their individual store operations.



Cash recycler



# Conclusion

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Cash continues to be a payment of choice among consumers. In fact, it remains one of the most popular forms of payment in the U.S.

With clear demand for the usage of cash for payment transactions, retailers are challenged with managing cash across their operations. This brings with it several challenges, from administrative costs and shrinkage to theft, robbery and controlling cash levels in stores.

By automating the cash handling process, retailers can reduce the time and resources spent on counting and recounting cash, taking it to a vault and transporting it to the bank. Having an automated cash management process keeps cash out of reach and increases the store's overall security. It prevents mistakes and helps detect suspicious behavior. Cashiers, finance staff and store owners can keep track of every operation and carry out cash audits quickly and efficiently.

Retailers should consider cash handling technologies as part of their cash management strategies to reduce costs and drive business profitability. There are several cash handling options for the front and back offices to drive efficiencies across retail operations.

Cash management technology solutions, such as closed cash handling systems, smart safes, cash recyclers and cash tracking and monitoring software can all improve accuracy, efficiency and cash flow for your business.

But it is essential for retail owners and store managers to assess their current cash processes and consider which cash handling technologies and implementations are feasible and best meet their needs. Choosing the right automated cash management solutions for your front-office and back-office operations will be key to your business success.

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## About Gunnebo

Gunnebo is a global leader in the retail cash management industry. Throughout the years, retail has been one of our major focuses. This has given us the knowledge to understand the retail cash process in small, mid-size and big stores, and improve the experience for every player in the cash cycle, from cashiers and managers to pickup services and banks. Today, we have more than 35,000 cash solutions operating all over the world.

Gunnebo's solutions are adapted to different retail processes, from convenience stores, fast food outlets and supermarkets to shopping malls and entertainment venues. We provide products, software and services for closed cash handling, cash deposit, cash recycling, coin roll dispensing and cash tracking and reporting. In the U.S., our solutions are sold and serviced through a network of Hamilton Security channel partners nationwide. To talk with an expert, call 513.874.3733.



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