

THE CASH CHASM!?!



WAKE UP TO CASH INNOVATION!

BRAND NEW RESEARCH BY PAYCOMPLETE

PAYCOMPLETE.COM

Methodology

This research was commissioned by PayComplete and conducted by Sapio Research in December 2023.

A total of 490 cash processing and management decision-makers from organisations with at least 100 employees were interviewed using an email invitation and an online survey approach.

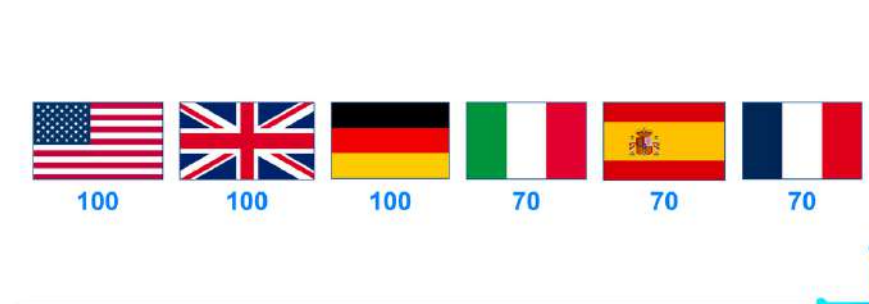
Sectors Represented

COMPANY SECTORS - TOP 3:

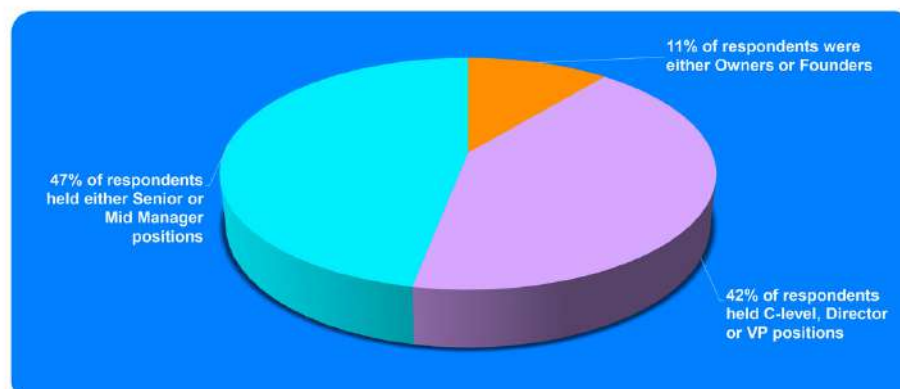


Geographies Surveyed

TOTAL RESPONDENTS: 490



Levels Of Seniority



Key findings

57%

of organisations do not foresee
their organisations ever
becoming completely cashless.

**Cash is here
to stay**

34%

say their biggest single
challenge is discrepancies when
handling and processing cash
due to low levels of automation.

**Manual
processes and
discrepancies
are rife**

41%

admit to having entirely manual cash handling
process. The figure is highest in France where
nearly two-thirds (62%) rely on an entirely manual
cash handling process.

20%

of the value of cash is
lost according to
organisations that have
3-5 people touching cash

**Cash losses
are shocking**

Organisations are tightening internal processes

31%

are helping to offset their lack of automation by implementing strict cash handling protocols and regular training for employees (all 31%) to increase payment efficiency.

Electronic payments are being encouraged

35%

said they are encouraging buyers to use electronic payment methods to help drive overall efficiency.

Automation is growing

83%

have at least partly automated the cash reporting process, but less than a third (27%) have managed to entirely automate it.

More than a third (37%) of organisations are looking for solutions that would integrate with other operational and financial systems.

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Introduction

While electronic payments have mass appeal, they have not crushed cash in the way that the big card brands would have liked. Cash remains extremely resilient, with estimates of roughly \$40 trillion in physical money in circulation globally in 2023.

In fact, the amount of cash in circulation has increased in the United States and many countries over the last few years.

That's why **57% of businesses believe their organisations will never be completely cashless**, according to our brand-new research.

The reasons for the continuing appeal of cash are varied.

In some countries such as Germany, cash is a strong cultural preference. The UK on the other hand is one of the lowest users of cash in Europe. But even here, the use of cash is defiantly on the increase after nearly a decade of decline. The resurgence of cash in the UK over the last two years has been attributed to the cost-of-living crisis.

The withdrawal of bank branches from British high streets and disappearance of ATMs has even prompted the Financial Conduct Authority (FCA) to acknowledge the social and financial problems created by dwindling access to cash. In response, the FCA has indicated the need for legislation to protect access to cash.

Although the strength of consumers' preference for cash varies across Europe, demand for cash acceptance either remains strong or is increasing. **In other words, cash is here to stay.**



TECHNOLOGY HAS REVOLUTIONISED CARD PAYMENTS...

When credit card payments were introduced in 1966, they were low tech and highly manual.

But card technology evolved quickly.

Global credit card brands have pumped money into modernising their technology infrastructure over the last forty years and mandated new technology for electronic payments.

It went from pen on paper slips to capturing card information electronically by swiping the magnetic strip and then contactless (NFC) capabilities revolutionised the electronic payment process.

**...YES, SO WHY IS CASH
MANAGEMENT STUCK IN
THE MIDDLE AGES?**



All traces of manual processes have now been eliminated.

Those investments were made not only to increase payment convenience for consumers, but to also reduce the billions being lost by those card companies and banks each year due to card fraud.

The drive to create efficiencies in cash management has largely been dependent on hardware manufacturers iterating existing hardware with new features.

Many organisations will therefore try to tackle the problem of inefficiency and automation on a piecemeal basis when individual components need replacing. As a result, the tactical approach to cash management often results in fragmented elements being stitched together over time to create a 'Frankenstein solution'.



With the emergence of smart and integrated technology, new opportunities to modernise cash processes and increase efficiencies are now readily available.

Some forward-thinking organisations are now waking up to a big picture view of how the whole cash management process can be connected and optimised.

Today, organisations can implement not only hardware featuring the latest technology, but also unlock huge additional efficiencies by overlaying advanced software across the end-to-end process.

So, rather than thinking of cash as being like an employee who is close to retirement, businesses should take a fresh look at its potential for the future.

***IT'S TIME FOR A NEW
DIGITAL ATTITUDE TO
PHYSICAL CASH***



The research findings

PART 1 - TODAY'S REALITY

What Are Your Organisation's Overall Priorities?



1. Overall, the number one priority across all the organisations surveyed was improving customer satisfaction (36%). Giving customers choices, such as whether they want to pay using card or cash, is an important factor in achieving customer satisfaction.

“

LESS AUTOMATION SEEMS TO BE REFLECTED IN LOWER LEVELS OF CUSTOMER SERVICE.

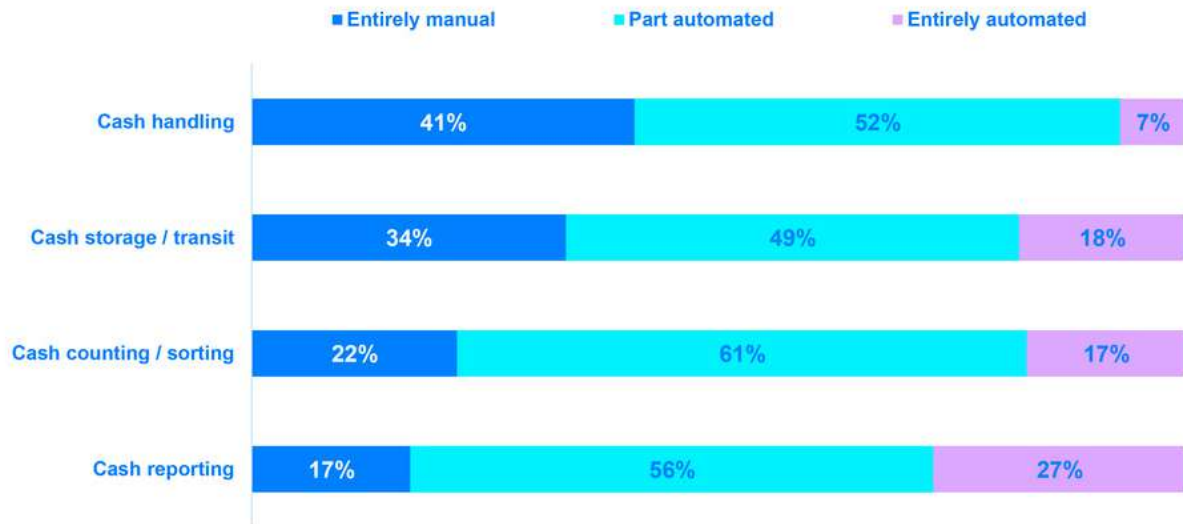
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Closely following as the second highest priority is increasing efficiency (**35%**).

Organisations with higher levels of automation where less people handle cash (**42%**) are more likely to focus on increased efficiency as their primary focus. For those with less automation where more people touch the cash (**39%**), it's likely that improving customer satisfaction will be at the top of their priority list.

Less automation therefore seems to be reflected in lower levels of customer satisfaction and an internal acknowledgement of a need for improvement.

How Is Cash Handled, Counted, Stored and Reported?



2. Cash handling – the most manual of all tasks

Cash handling is the process that remains entirely manual for the highest portion of all respondents (**41%**). It is also the process that is fully automated by the least number of organisations surveyed (**7%**).

But there has clearly been some attempt at automating cash handling as it is also the most partially automated task (**52%**) of all those related to cash.

SOME EQUIPMENT THAT AUTOMATES ASPECTS OF CASH HANDLING HAS BEEN PURCHASED - BUT NOT INTEGRATED INTO AN END-TO-END PROCESS.

3. Cash counting and sorting - the most automated of all tasks

Counting was one of the earliest cash handling processes to be automated and its invention can be traced back to China in the **1950s**.

It's therefore no surprise that cash counting and sorting is an entirely manual process for only **22%** of those surveyed. But it also has the highest of level of partial automation (**61%**) of all the cash-related tasks. This could be explained by organisations using aging mechanical technology that does not have smart hardware features and wraparound software for intelligent integration with ERP systems.

Manual cash counting processes are used by smaller organisations with 2-5 locations (**30%**) followed by those with 11-20 locations (**15%**).

4. Cash reporting - lagging far behind modern expectations

Organisations have increasingly high expectations of accuracy and insights of cash management reporting. In many areas of business management, real-time reporting is commonplace.

But less than a third (27%) of all the organisations surveyed have a fully automated cash reporting process in place. For a substantial 17% of organisations, the cash reporting process remains entirely manual and well over half (56%) rely on a mix of automated processes and manual intervention.

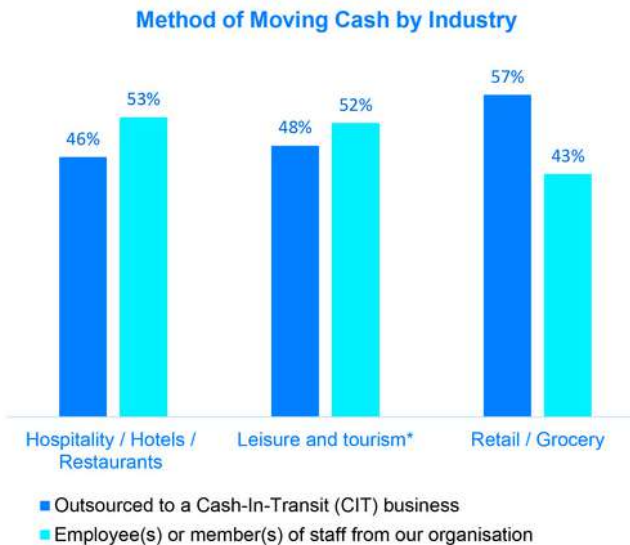
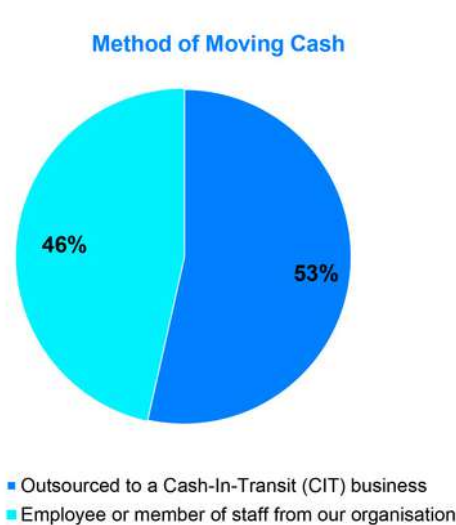
Overall, this low level of automation is likely to mean that cash reporting is an inefficient process with higher costs, as well as the potential for human error.

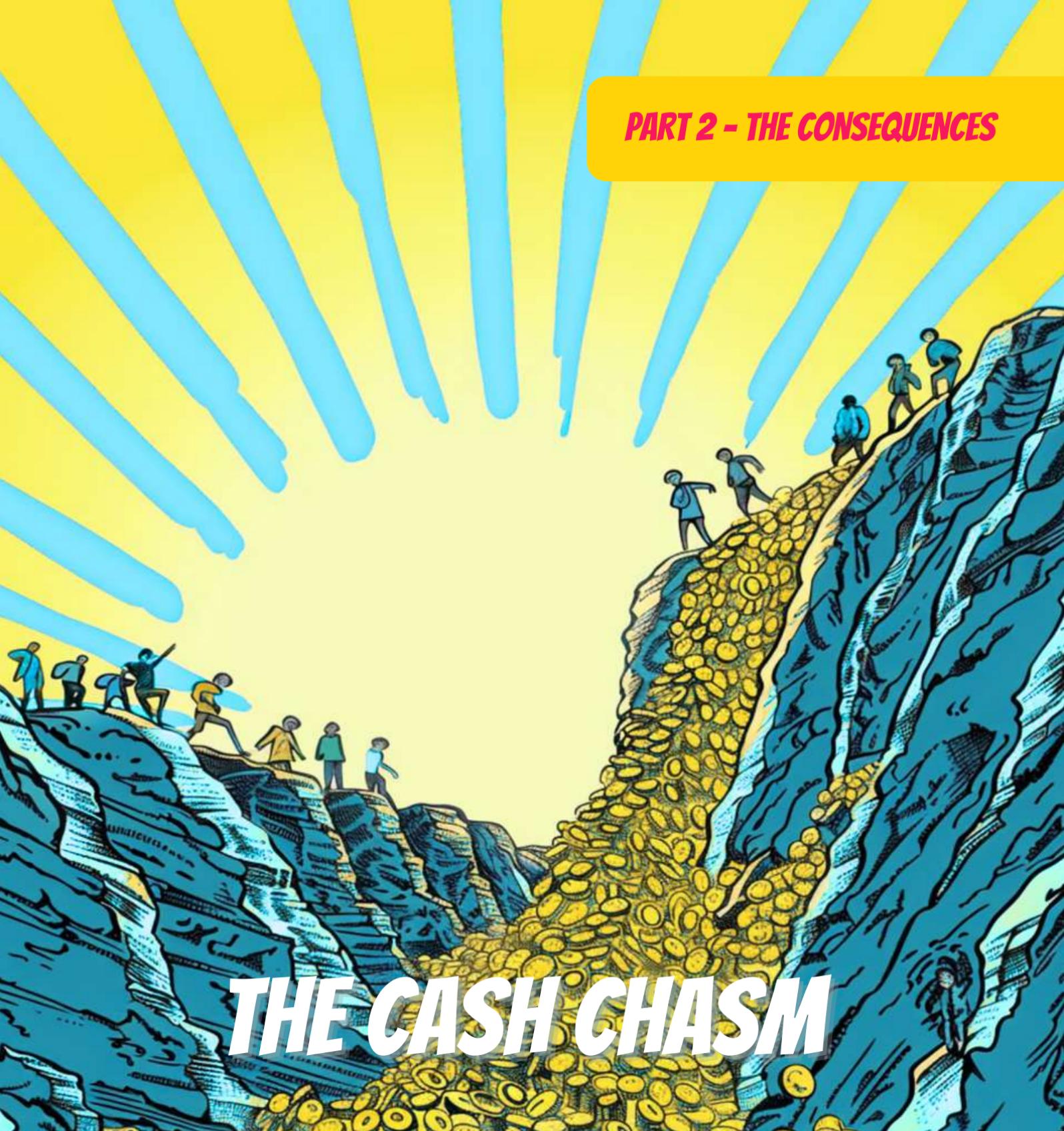
5. Cash storage/transit - high risk but often managed internally

The movement and storage of cash is likely to be from an organisation’s physical location to the bank. Cash in Transit is arguably one of the most high-risk stages of the journey of cash.

Despite Cash in Transit being a predictable process involving consolidated and possibly large consignments of cash, little over half (53%) of those surveyed outsource this to a professionally trained and equipped third-party.

Given the risk exposure of this activity, it is surprising that such a large proportion of companies are managing it internally. This is likely to result in additional costs and complexities such as the need to implement and document internal processes and maintaining stringent staff training.



A stylized illustration depicting a massive chasm filled with gold coins. On the left side of the chasm, a group of people are standing on a rocky ledge, looking down. On the right side, a path of gold coins leads up a steep, rocky cliff, with several people walking along it. The background features a bright yellow sky with blue diagonal streaks. The title 'THE CASH CHASM' is written in large, bold, white letters across the middle of the illustration.

PART 2 - THE CONSEQUENCES

THE CASH CHASM

***THE PROBLEMS OF MANUAL PROCESSES - FROM
SECURITY WORRIES TO DISAPPEARING FUNDS***

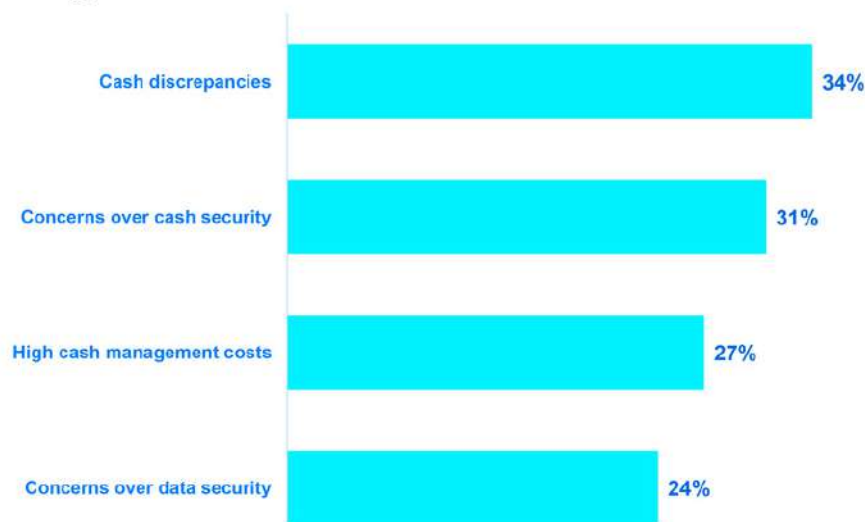
The research findings

PART 2 - THE CONSEQUENCES

When people physically touch cash in your organisation, several things are likely to happen.

In the best case-scenario, the movement of cash is disrupted and slowed down. Inevitably people costs will be added. In the worst case-scenario, accounting errors are also made, or cash may even disappear.

What Are Your Main Internal Challenges When Handling And Processing Cash?



1. Cash discrepancies

Predictably, the single biggest challenge with handling and processing cash is the discrepancies that arise (**34%**). Cash discrepancies are the biggest issue in organisations with 30+ locations (**45%**).

Touching cash happens throughout its journey through your organisation. It is most likely to occur when it is collected from your customer. Depending on your level of automation, cash may also be touched when it is counted, stored, and reported on. Each stage presents a potential opportunity for large discrepancies to arise.

2. Cash security worries

Concerns over cash security is the second biggest concern (**31%**) across all those surveyed. These concerns can span many individual processes from initial acceptance through to its movement to the bank.

Where six people or more touch cash, the security spend increases by over 380% to over £409K per year. This disproportionate increase is likely to be due to manual processes creating far greater exposure to risk, fraud and theft.

**ORGANISATIONS WHERE 3-5 PEOPLE
HANDLE CASH ESTIMATE THEY LOSE A
SHOCKING 20% OF ITS VALUE EACH YEAR**



Losses compared to security levels

The research indicates that the fewer people touching cash in an organisation, the lower the losses. With only 2 people handling cash, losses averaged at £14,474 but this multiplies to £40,625 for organisations with six people or more touching cash.

NUMBER OF PEOPLE TOUCHING THE CASH	MEDIAN SPEND	MEDIAN LOSS
1-2 people	£85,000	£14,474
3 people	£87,755	£17,673
4-5 people	£133,334	£25,870
6+ people	£409,091	£40,625

3. High cash management costs

High costs of cash management were cited as the third biggest concern (**27%**) across organisations surveyed. It is the single biggest challenge for larger organisations with 30+ locations (**45%**).

4. Data security concerns

Data security is ranked as the fourth biggest concern relating to cash handling (**24%**).

But as the cash management process becomes more automated, there is growing concern around data protection.

However, the benefits offered by automation can often outweigh these concerns as real-time data and reporting provides an holistic view of the entire cash estate.

***IF ONLY THERE WAS A WAY TO
MAKE CASH EASIER TO MANAGE
- LIKE CARD PAYMENTS...***



KEY TAKEAWAYS

The more people that touch your cash, the more it costs you in many ways. But while organisations are shouldering the costs of low levels of automation, cost is also the primary barrier of fixing the problem.

- **Organisations where only 1-2 people touch cash have the fewest challenges** around cash handling and processing (such as cash discrepancies, concerns over cash and data security, lack of cash visibility/real-time data for stakeholders, and inaccurate cash flow forecasting.)
- **The mean amount (£) lost through cash handling errors was lowest for those with 1-2 people touching their cash** and highest for those with 6 or more.
- **Cash discrepancies is the top challenge for all groups** (33% for 1-2 people touching cash and 36% for those where 6+ people are involved).
- **The amount (£) spent annually on security measures across all sites increases** as the number of people that touch the cash increases.
- **Cost is the biggest single barrier to implementing automation for all those surveyed**, except for instances where 1-2 people touch the cash, where the concern relates more to the challenge of integrating new technology with existing systems.



PART 3 - CASH STRATEGIES

THERE'S NOWHERE TO HIDE!

***CASH IS HERE FOR THE LONG-TERM,
SO WHAT'S THE STRATEGY?***



HOW ARE ORGANISATIONS PLANNING TO COPE WITH CASH?

While cash management is still an overwhelmingly manual processes for many organisations, our research reveals some interesting coping strategies.

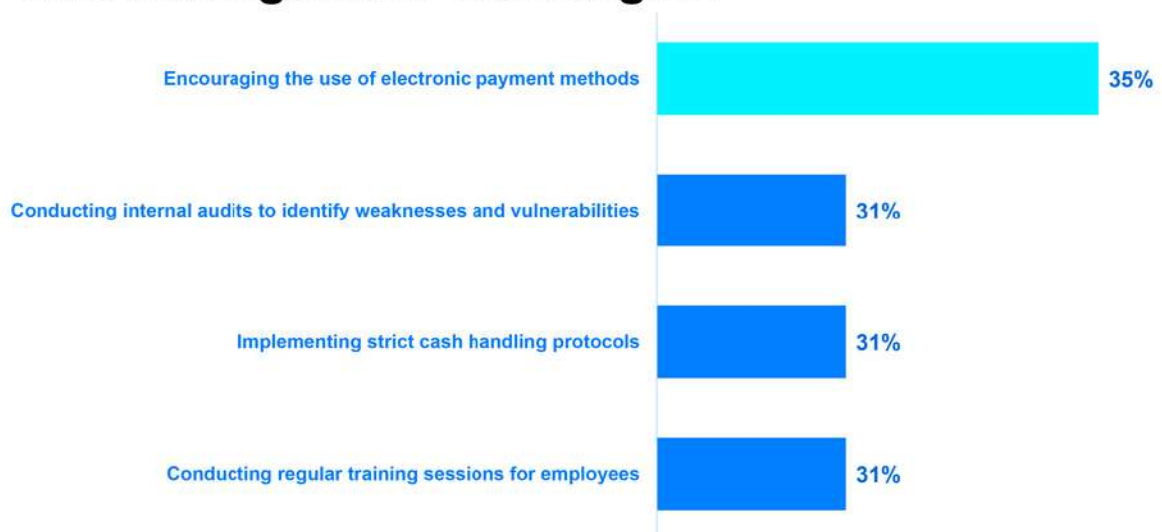
1. Hope cash just goes away

With all the problems with cash management exposed in the research, it's no surprise that over a third (**35%**) of organisations are hoping to guide customers away from using cash.

This strategy is most strongly evident for larger organisations with 21-30 locations as **47%** of those are planning to try this strategy.

While this might be the most convenient for the organisations themselves, it can be seen as swimming against the tide of customer demand. It is also unlikely to support their objective of improving customer satisfaction.

How do you plan to overcome cash handling and management challenges?



2. A dual strategy – optimise both payment types

Look closely at the data and a more progressive approach can be seen.

As well as encouraging the use of electronic payments, nearly a third (30%) are also investing in the integration of cash handling systems, POS and accounting software.

As shown below, larger organisations (21 to 30 locations) are prioritising investment in a single supplier omni-channel payment solutions integrated with back-office ERP and accounting tools this year, compared to other organisations.

	2 to 5	6 to 10	11 to 20	21 to 30
Investing in integration between cash handling systems, POS systems, and accounting software	31%	32%	38%	28%
Enhancing physical security with safes, surveillance cameras, and access controls	38%	27%	32%	21%
Investing in cash handling automation solutions	28%	29%	31%	30%
Investing in single supplier Omnichannel payment solutions integrated with back office ERP and accounting tools	17%	27%	32%	40%

Similar numbers (27%) are looking to invest in cash handling automation and implementing POS systems with integrated cash management features and omnichannel payment solutions integrated with back-office ERP and accounting tools.

So, although some organisations may be nudging customers towards card payments with tactics such as discounts or rewards, they are looking for ways to make the most efficient use of cash for a long while to come.

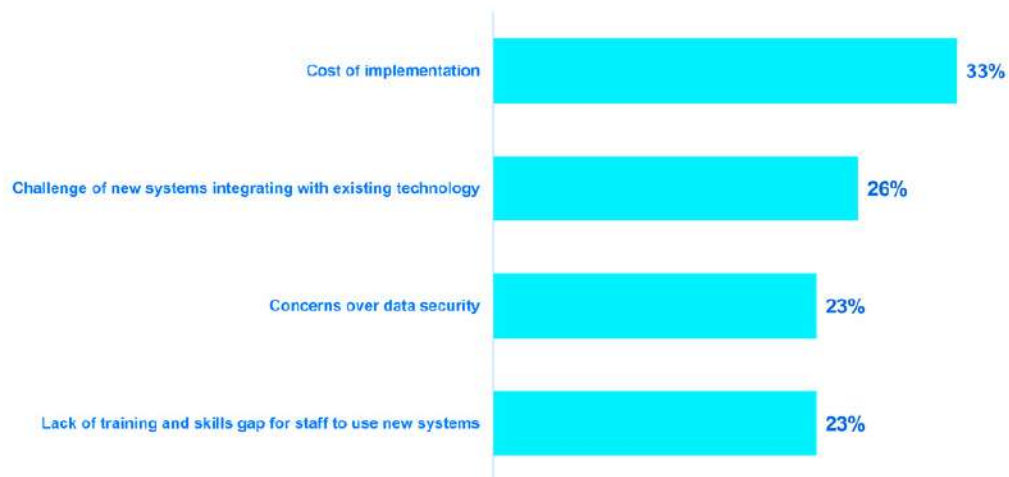
**READ ALL ABOUT IT!
DUAL STRATEGY
EMERGING FOR CASH
MANAGEMENT!**



But...our research reveals that organisations are facing significant barriers to justify the investment required to bridge the cash chasm in their business.

With such high levels of security spend needed to offset low levels of automation and awareness of high cash management costs, justifying investment in cash automation should be relatively easy. But the organisations we surveyed face a number of common internal barriers when considering automation.

What are the biggest barriers to implementing cash process automation

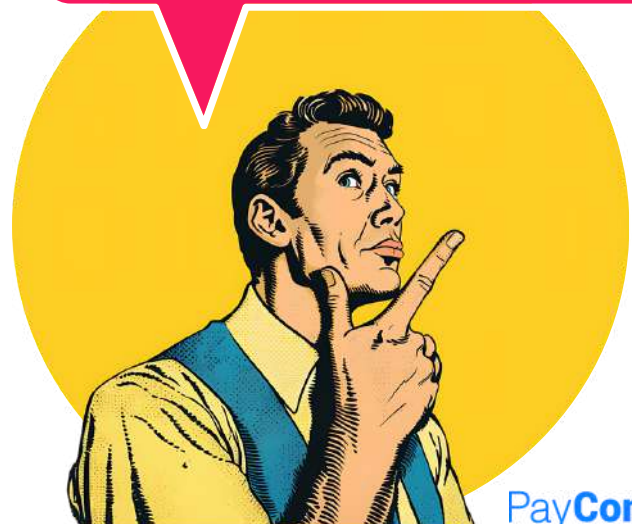


A third of organisations (**33%**) cite implementation costs as the number one barrier to automating cash process and handling. Integration with existing systems is the second biggest challenge (**26%**).

Mid-sized organisations (2-5 locations) see integration with existing systems as their primary challenge. This could be because larger organisations are more technological mature and accustomed to substantial technological implementations than their smaller counterparts.

Larger organisations see cost as the primary barrier as they will anticipate the high levels of scrutiny that any business case calling for substantial investment will attract.

COST IS THE BIGGEST BARRIER - BUT HOW MANY ORGANISATIONS REALLY KNOW HOW MUCH THEY ARE LOSING?



**PART 4 - THE CASH
AUTOMATION HIT LIST**

A vibrant, comic-style illustration of a cavewoman with a determined expression, wearing a fur loincloth and a braided strap across her chest. She is riding a futuristic hoverboard with two large, treaded wheels. The background is a lush prehistoric landscape with green foliage, rocky terrain, and a bright blue sky filled with white clouds. Several pterosaurs are flying in the sky, and a long-necked dinosaur is visible in the background on the left.

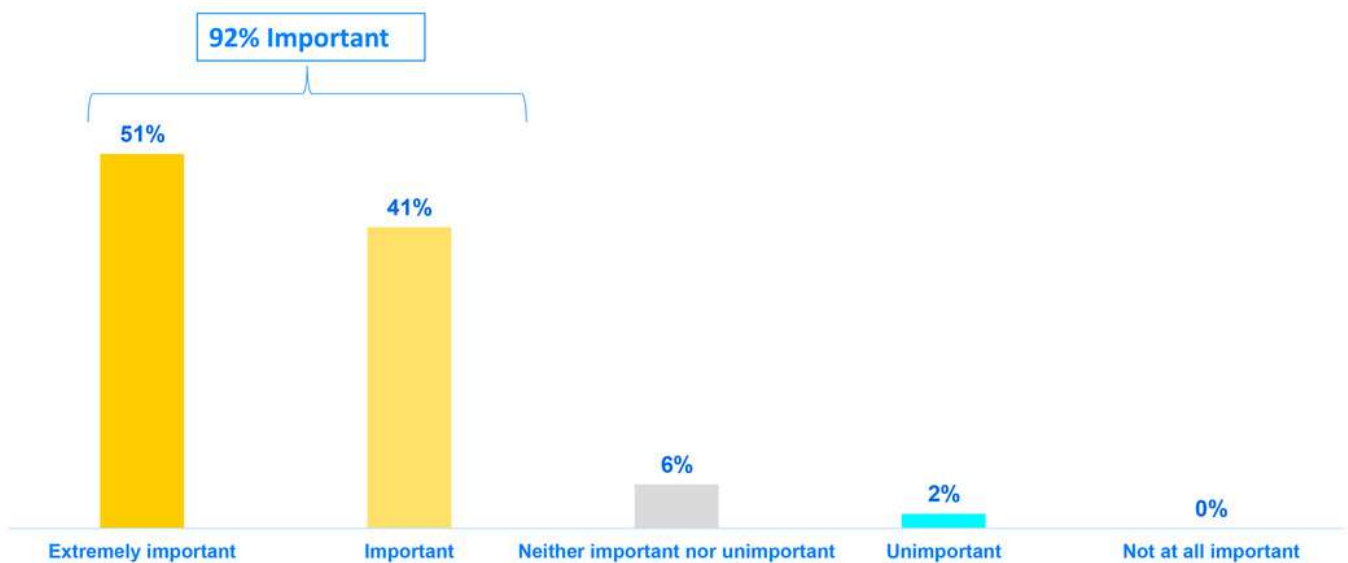
A NEW APPROACH TO OLD PROBLEMS

**WHERE ARE ORGANISATIONS INVESTING IN
TECHNOLOGY FOR CASH AUTOMATION?**

THE CASH AUTOMATION HIT LIST

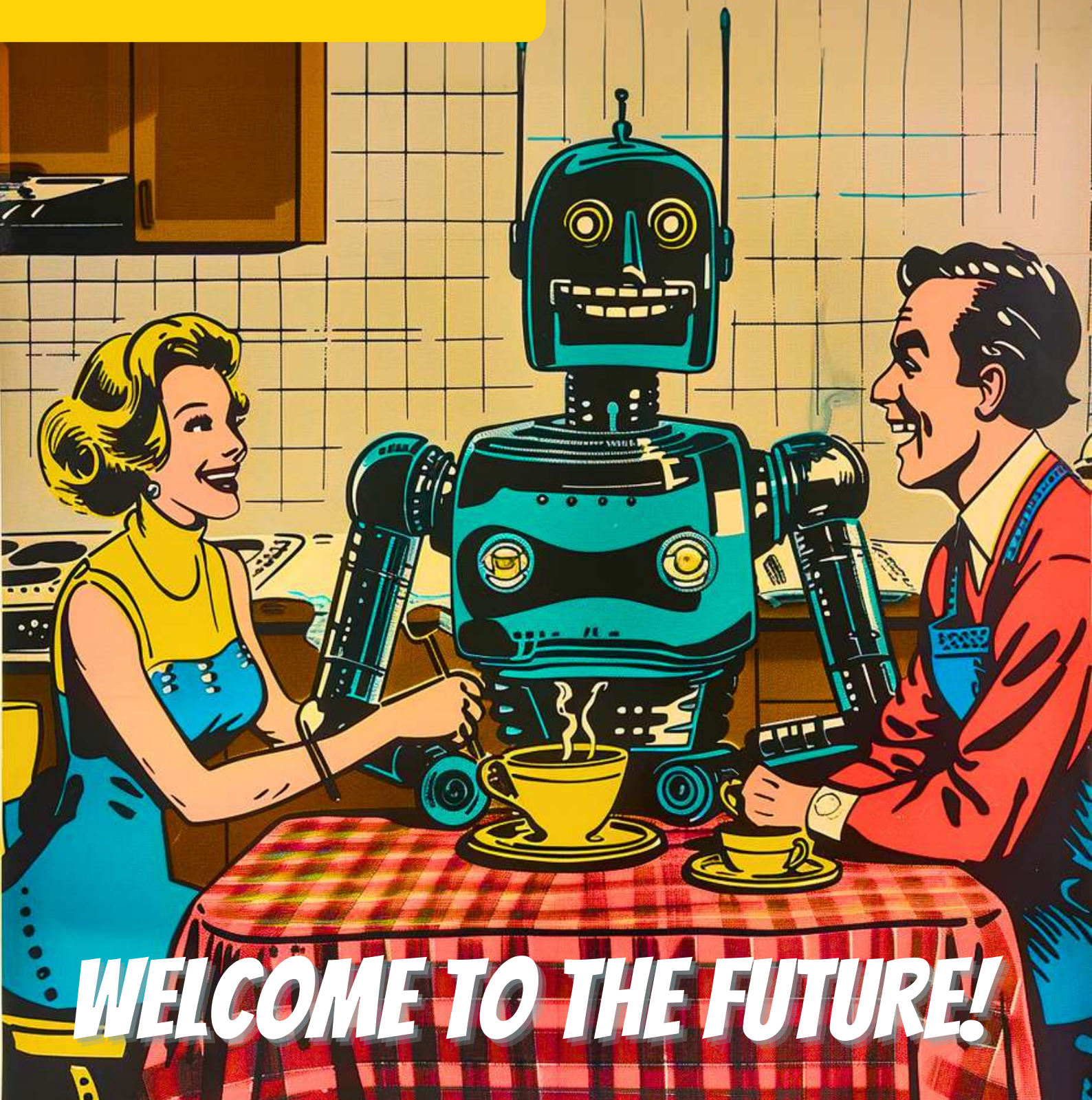
Despite the challenges of modernising cash management, a hit list of processes for automation can be seen.

How important is real-time data on your cash processes?



- While just over a third (**35%**) of organisations are encouraging the use of electronic payment methods, they are simultaneously exploring ways to optimise the performance of cash with new technology.
- **40%** of organisations with 21-30 locations and **32%** of those with 11-20 locations are planning to invest in a single supplier omnichannel payment solution integrated into back-office ERP and accounting tools.
- More than **9 in 10** organisations say real-time data relating to cash handling, movement and storage is either extremely important or important.
- **38%** of organisations with 11-20 locations are investing in connecting cash handling systems, POS systems and accounting software.

PART 5 - WAKING UP TO CASHTECH



WELCOME TO THE FUTURE!

WAKE UP AND SMELL THE TECHNOLOGY

WAKING UP TO CASHTECH

In any given country, cash is doing one of two things. It's either remaining a preferred method of payment or becoming more popular.

It's certainly not going away.

Our research shows that some organisations are doing their best to ignore the problems of manual cash processes and shying away from automation due to costs. But on the other hand, they are also ploughing money into cash security measures.

Our research shows that costs are the single biggest barrier to the automation of cash processes.

This is an interesting dichotomy as the current lack of technology and robust end-to-end reporting means that organisations cannot comprehend or quantify their current level of losses created by their legacy systems.

ORGANISATIONS ARE WORRIED ABOUT THE COST OF CASH AUTOMATION - BUT ARE POURING MONEY INTO SECURITY INSTEAD.



This can make justifying investment in new automated cash processes very difficult.

Despite this, our research shows that some organisations are waking up to the possibilities of cash automation hardware and smart technology.

The years of approaching cash management as a tactical and piecemeal task are now over.

From a financial leadership point of view, continuing to ignore cash automation technology will inevitably become regarded as professional negligence.

ORGANISATIONS ARE WELL-AWARE OF WHAT TECH CAN DO, BUT ITS IMPACT ON CASH PROCESSES IS ONLY JUST BECOMING EVIDENT TO MANY.

The era of CashTech

Over recent years, the fintech industry has revolutionised the financial services sector.

It brought new technology to an aging and underserved sector where customers were paying too much for substandard services.

PayComplete is championing **CashTech**, which brings smart hardware and precision software to the cash management process that has been neglected for decades.

An interim step?

The option of leasing hardware rather than buying it is a good way of introducing automation into your organisation and demonstrating its value without asking your executive team for an eye-watering spend. That way it will be easier to justify a more substantial investment in purchasing your own hardware in future.

Opening up to the possibilities of physical cash automation will help gain a complete view across the cash estate including:

- reduction of cash discrepancies
- elimination of inefficiencies
- real-time access to data.

Already automated?

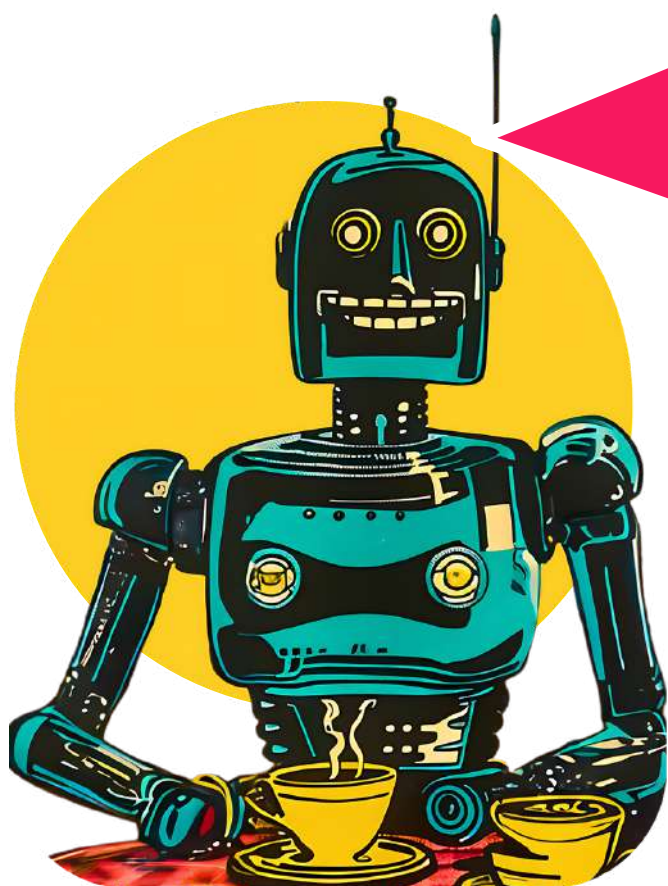
Depending on when your processes were implemented, an expert audit or consultancy is likely to reveal where the latest hardware can be combined with new technology for outstanding levels of optimisation.

***CASHTECH BRINGS SMART
HARDWARE AND PRECISION
SOFTWARE TO THE CASH
MANAGEMENT PROCESS WHICH HAS
BEEN NEGLECTED FOR DECADES.***



An holistic approach to the integration of physical cash, card payments and other alternative payment methods can:

IT'S TIME FOR ACTION



- Support the number one goal of organisations which is to improve customer satisfaction. PayComplete enables organisations to continue to accept and manage cash payments in a way that is efficient and cost-effective.
- Improve efficiency including reducing the number of people touching cash by automating processes, removing points of vulnerability and reducing associated losses.
- Cut cash security budgets as automation drastically reduces risk exposure.
- Access real-time data and precision reporting so the performance of your cash processes can be monitored and optimised.

About PayComplete

PayComplete is the global leader in cash management technology that automates manual tasks with digital precision, driving efficiency and reducing risk. By combining best-in-class hardware solutions with game-changing software, we unify cash management with other key payments and operational systems. Our clients are able to focus their efforts and resources on delighting customers whilst seamlessly innovating their transactional experiences and operations.

From our location in 18 countries across the Americas, EMEA and APAC, we serve major global brands across sectors from retail and grocery to transportation and financial services.

The background of the entire image is a stylized illustration. It features a large, jagged mountain composed of numerous gold coins. Several small, stylized human figures are shown climbing the mountain, some at the base and others higher up. The sky above the mountain is a pale yellow, with several thick, light blue diagonal lines radiating downwards from the top, resembling sunbeams. The overall style is that of a hand-drawn or painted illustration.

**FOR MORE INFORMATION ABOUT PAYCOMPLETE
AND ITS SERVICES, PLEASE CONTACT
ANDREW.HOWELL@PAYCOMPLETE.COM**

PayComplete