

8 Tips How to Manage Your Cash Inventory

Due to the low interest rate environment in the past, there was a general unawareness of currency and coin's value. This caused large amounts of excess cash at most banks and credit unions, typically 20% - 30% in excess of need. And, coupled with the difficulties in managing cash, financial institutions also experience ATM or device cash outages. With the continual interest rate increases, currency and coin is once again a focus. To prepare for this, check out the following tips on how to better manage your cash inventory:

Addressing Customer Demand

- Determine your branch's usage for each cash point in a branch, including teller drawers, ATMs, devices, and vaults
- Don't use gut feelings; instead, use data
- Find out highest usage days
- Having denomination level usage is necessary

Being Aware of Trends

- Discover the patterns of cash usage at your branch
- Know what holidays and events affect each branch or ATM
- Calculate weekly outflows, such as payday
- Calculate monthly outflows, such as Social Security
- Prepare for seasonality, such as Ballpark ATMs

Plot usage and discover your branch or ATM's cash trends

Create a Target or Limit

- Don't use the status quo just because the limit has been \$500,000 in the past doesn't mean that it is a good limit to have now
- Don't use insurance limits; these are typically much higher than actual usage
- Get buy-in from your staff on limit levels so everyone's on the same page
- Adjust the branch's limits monthly (see step 6)

Define Delivery Schedules

- Figure out the Cost to Deliver, including the Armored Car Delivery Expense for each delivery, but also consider the staff costs such as counting cash
- Figure out Cost to Hold, typically Yield on Earning Assets
- Adjust a delivery schedule that's best for your branch/ATM
- Don't order cash based on old habits, define delivery schedules based on usage and minimum/maximum limits

Update Your Inventory Expectations Frequently

- Remember that cash is fluid, meaning Monday ≠ the following Monday or April 4, 2017 ≠ April 4, 2018 Know some trends aren't static dates such as Thanksgiving or
- Christmas day

• Compare Usage vs. Limits - How close is your usage to limit? Are you

Review Your Target & Limit Performance

- able to move limits up or down? Make sure your branch and ATM managers are adhering to the limits set forth
- Coach branches to manage cash down to usage instead of up to a limit

• Take time to decide if a decentralized or centralized order process works best for the bank or credit union:

Implement a Review Process

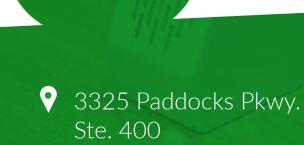
- Should each branch be ordering their own cash to money supplier? Should an internal department approve cash orders?
 - Should someone centrally place all orders on behalf of all branches
 - and ATMs?
- Schedule Monthly meetings with all departments involved in the cash ordering process to evaluate and adjust process (i.e. Branch Manager, Branch Administration, Finance, ATM Manager, Operations)
- Software is available to help take advantage of cost effective technology (SaaS) and analytics to align your competing cash needs and forecast accurate cash inventories based on each branch, ATM, device or vault's unique demand
- on trends • Compile historical data (don't expect cash to behave the same way it did

Consult with an experienced Branch Manager or Regional Manager

in the past as there are multiple factors affecting cash flow and inventory)

Give Your Institution

The Edge It Needs



Helpful Tools

Request A Demonstration



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