



# Reducing cost and risk from cash handling within a retail environment



A retail whitepaper  
from SCAN COIN



# If cash is king

SCAN COIN rules



## Introduction

This white paper suggests how new technology solutions, when employed within a retail environment, can generate significant savings in both cash shrinkage and overhead cost.

Cash is still the most commonly used form of payment in retail (cash payments today represent approximately 60% of all transactions under £20).

Recent surveys have indicated that UK retailers are losing £1.5 billion a year, derived from internal theft (49%), external theft (18%), genuine handling errors at till point (19%) and genuine handling errors during cashing up (14%). The retailer's challenge is to reduce this loss without affecting the in-store operation and without major capital expenditure.

New cash handling technology offers an immediate solution to improved in-store cash flow management thus reducing handling costs, increasing speed and accuracy and delivering a rapid and significant return on investment.

## Business Challenge

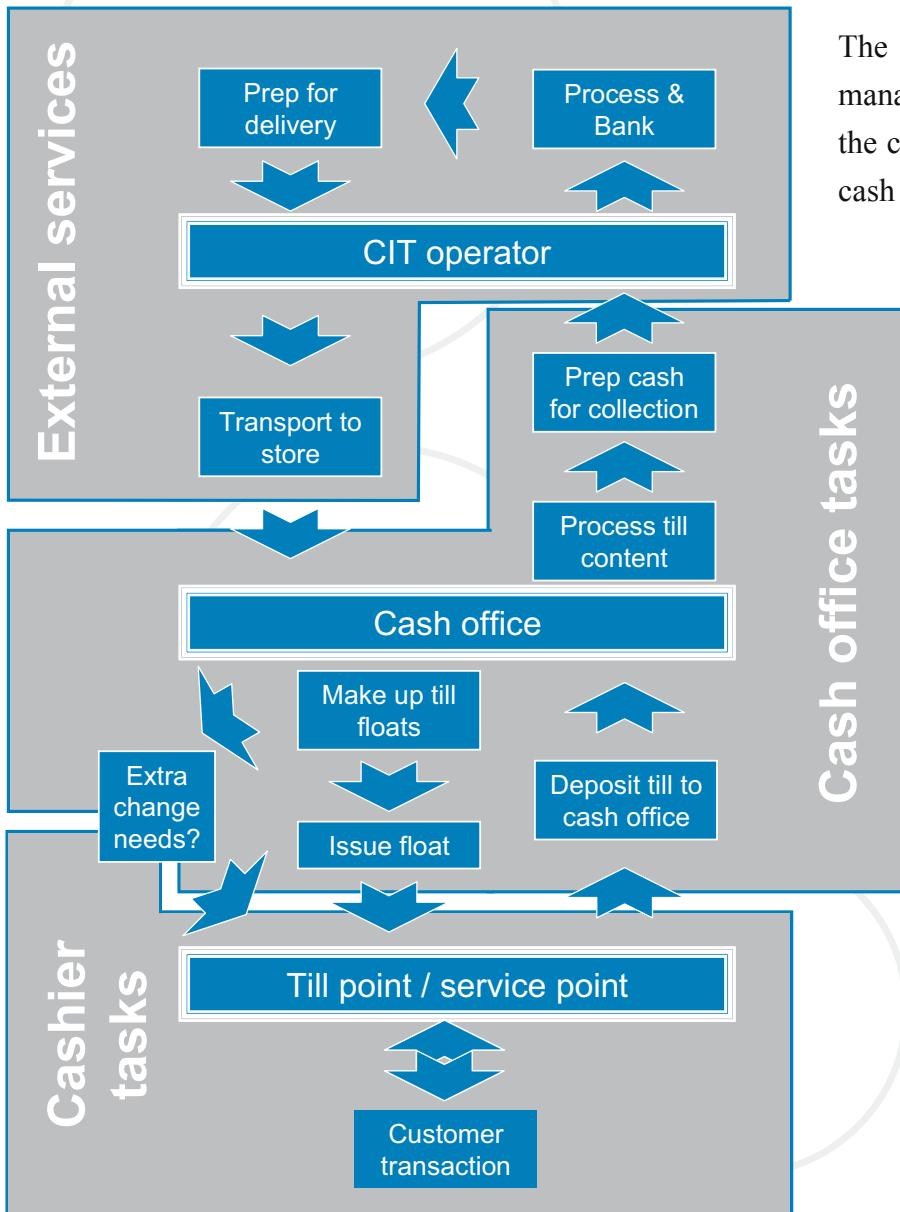
Cash management, that is, ensuring the correct and accurate flow of change to till point and cash receipts back to cash office, can be challenging within the retail environment.

The biggest risk to efficient cash management is the accountability for the cash and ultimately the problem of cash shrinkage.

It is estimated that cash shrinkage within a retail environment can vary from 0.3% of cash turnover to over 2% depending on the retail environment and level of accountability adopted by those responsible for handling cash at all levels.

In addition, costs accrue to the handling and processing of the cash including, but not limited to, the counting, processing and banking, generation of till floats and the transport of money both in-store and to and from bank or CIT operator.

The typical steps within a retail cash cycle are shown to the left.



With the above model, the retailer typically orders cash in from a bank or CIT operator. The delivered cash is processed into individual till floats on a daily basis and issued to the shop floor at start of shift.

Additional change, when required by the tills, is issued (normally on cash exchange basis, notes in for coins out) to either the supervisor or to the cashier.

At the end of day, till cash is returned to the cash office for processing and reconciliation with the back-office system receipt totals.

Cash is then processed and bagged for collection by CIT, for transportation and banking.

These processes have a number of areas of concern for the retailer in both cash accountability and in staffing and process costs, and can be categorised in two key groups:

#### *Risk related issues*

- Till float creation is done by someone other than the cashier
- Transport of cash across the shop floor by someone other than the cashier
- Additional cash requirements during the shift
- End of shift processing of cash is done by someone other than the cashier

#### *Cost related issues*

- CIT collection and delivery of cash on a daily basis
- Creation of floats before start of day
- Processing of till money at the end of the trading day requiring equipment and staff time
- Consolidation of cash in the cash office taking time and resource
- Availability of cash office staff throughout shift to support extra change requirements



## Cash recycling - an efficient use of resources

The new RCS 800 system from SCAN COIN addresses the majority of the cost and risk related issues seen within the retail store model.

In particular this new solution delivers tangible benefits through:

- Streamlined cash handling
- Simplifying operations
- Improved cashier responsibility
- Reduced cash theft
- Optimised CIT
- 24/7 availability
- Tracking of cash flow
- Getting deposit value instantly for cashier, till or department

Using the RCS 800 system, the retailer effectively and efficiently gives full accountability for cash to the individual member of staff, increasing the availability of cash facilities to the store whilst optimising the whole cash cycle and recycling money in store.



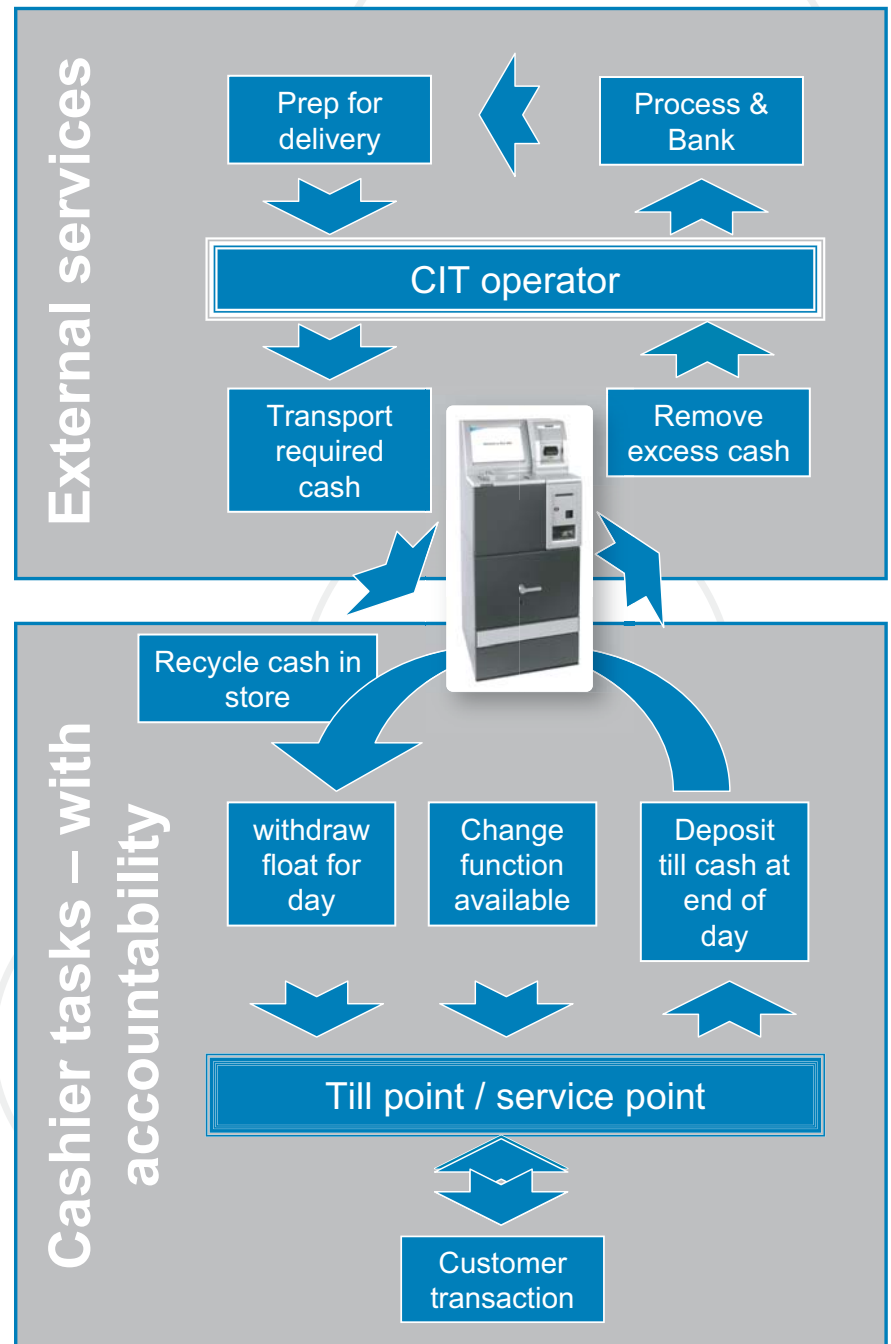
## Operating with a cash recycling model

After registering on the RCS 800 log, the cashier selects the till cash mix for the day. In less than 30 seconds, coins are automatically dispensed into the cashier's specified till. Notes can be dispensed from a sidecar in parallel with the coins. All activities are registered in the machine's database or sent to a central server and confirmed by a receipt.

During the day, the RCS 800 also serves as a continuous cash supplier, enabling a supervisor to support cashiers with change when needed. All activities are registered on-line for maximum cash flow control.

At the end of the day, the cashier registers at the RCS 800 and quickly deposits coins from the day's takings. The coins are safely stored in dispensers ready for future float dispensing, and the transaction is registered directly in the business system via the RCS 800 software, which is easily integrated into the shop's back-office system.

Notes, cheques and coupons can be manually keyed into the system. As an option, notes can also be inserted into a sidecar for counting and validation at up to 8 bills per second.



## Benefits

### Risk and shrinkage based

#### *Cashier accountability*

With the cashier generating / withdrawing their own float and then depositing takings at close of business / end of shift, the accountability for takings against sales is more easily transferred to the individual. With that focus upon responsibility and accountability, staff based shrinkage, by design or error, will be significantly reduced.

#### *Faster reconciliation*

With the automatic generation of end-of-day cash balances, automatic, and possibly real-time reconciliation with epos z-totals can be achieved. This means that any discrepancies can be investigated early, ideally by the start of the next shift.

### Cost based

#### *Reduction in cash office processing*

The automatic creation of till float on demand, by the cashier, removes significant workload from the cash office. Additionally, the processing of each till and the sorting and consolidating of cash for CIT collection is reduced, as is the need for cash office based cash counting equipment.

#### *Increase in availability of cash functions*

Many retail locations require the cash office to be available and staffed throughout store trading hours to allow for cash exchange services, such as extra coins or to accept till skims. Often the cash office hours will be longer than the trading time to allow for float creation or to meet daily banking deadlines.

### *A case already proven...*

Reduction of cash shrinkage by making staff accountable for the float and takings, assisted with the use of automated deposit processing systems is already well established in some markets.

Most notably within the bus sector, where all drivers can be considered to be 'mobile till points'.

They are solely responsible for the money from their ticket sales and for ensuring they hand over the correct levels of cash.

SCAN COIN is a major partner in this sector with over 1,000 systems installed in the UK over the last 15 years.

Within the transport sector, with the aid of this approach, cash shrinkage - 'shorts' - is virtually nil!

With the 24/7 availability of cash functions for both withdrawal, change and deposit from the RCS 800, combined with the significantly reduced cash office workload, the cash office opening and staffing times can be greatly reduced.

### *Reduction in CIT transport and process costs*

Cash collection and change delivery is often carried out on a daily basis. Regularly, change will be ordered for the following day, without recourse to the levels of coin being generated by the sales floor through the tills. Indeed, it is quite likely the same coin denominations will be being shipped out and being delivered at the same time, generating a cost for the retailer for both purchase and banking of coin.

### *Increased selling space*

Sales area within a store is a premium commodity. By removing a large number of routine functions from the cash office a significant reduction in office space and conversion to sales floor space can potentially be achieved.

The RCS 800 unit has a minimal footprint (for the coin unit, as low as 0.34m<sup>2</sup>) and can be easily located in an accessible location for the cashiers.

### *Better supply management...*

Using RCS 800 with on-line monitoring to support on-demand delivery and collection, the CIT requirements can be reduced.

## The business case for RCS 800

Savings from the use of the RCS 800 will vary depending upon a range of factors.

However, an example below shows the scale of potential savings from the implementation of this system.

<b>Store size</b>	20 tills
<b>Tills</b>	
Typical daily float	£50/day
Typical cash takings	£200/day
<b>Cash office</b>	
Cost per FTE*	£15/hour
<b>CIT</b>	
Collections/delivery	£50/visit
Cost of coin purchase	£2/£100
<b>Store losses</b>	
Cash shrinkage	0.5% turnover

\* FTE=Full Time Employee

### Cost savings:

#### *Shrinkage*

Total cash handled per day = 20 tills x £200 = £4,000 per day. Assuming 6 day store opening gives an annual cash total of £1.248M handled. Removal of cash till shrinkage by staff accountability = 0.5% x £1.248M = £6,240.

#### *Till creation and processing*

Generation of each till float will take approximately 2 minutes, creating a total time taken of 40 minutes. The processing of each till at end of day will take approximately 4 minutes per till, a total time taken of 80 minutes.

### Reduced shrinkage

Saving: £6,240 per year

### Till processing

Saving: £9,360 per year

Total till processing time saving = 40 + 80 minutes = 2 hours, at £15/hour, equals a total annual saving of £9,360.

### *CIT costs*

Reducing CIT collection from daily to alternate days saves 3 collections/deliveries per week, saving annually £7,800.

### *Change purchase costs*

By recycling cash the levels of coin purchase will be reduced significantly. If we assume a 50% reduction in float change requirements, our current requirements would be £50 day/till, reduced to a new figure of £25/day creating a reduction of coin purchase of £156,000 per year, saving a total of £3,120.

### *Office opening hours*

By reducing cash office opening/staffing hours by 4 hours per day (for example, moving to 9-5 opening, rather than 8-7) a cost reduction of £14,040 is achieved.

#### **CIT costs**

Saving: £7,800 per year

#### **Coin purchase**

Saving: £3,120 per year

#### **Office opening hours**

Saving: £14,040 per year

#### **Total savings**

£40,560 per year



## Target Market

The RCS 800 is not necessarily suited to all retail environments. However, the system can generate significant benefits and savings when used in the right application.

### Typical applications for the RCS 800 include:

#### *Department stores*

The wide spread to till points, combined with the staggered opening and closing of tills makes the RCS a very suitable solution.

The range of different till types within department stores often necessitates different till floats dependent upon the point of service – clothing vs. food hall for example, and the RCS system will allow for specific floats for defined store areas.

In addition, department stores traditionally have larger than average cash offices and the ability to free up extra store space is always of benefit.

#### *Hospitality, conferencing and event venues (sport, concert etc)*

The extended hours of these locations often mean that tills, especially in bar areas for example, are floated prior to the start of an event and are not processed until cash office staff arrive the following day.

RCS allows for floats to be created by the counter staff at the start of shift, regardless of event timing, and safely deposit cash prior to leaving site, ensuring a more secure cash position.

Additionally, the requirements for extra change during the shift is achieved without the need for cash office staff or access to the site safe.

### *Leisure parks and amusement locations*

Widely spread sites such as holiday parks can benefit from the 24/7 flexibility of the RCS system to ensure that tills are created or closed in line with site requirements – for example, the closing of a retail outlet at 6pm on site, whilst bar tills will not close until the early hours.

### **Flexibility to suit the application**

The modular approach of the RCS solution allows each site and each application to have exactly the right system.

RCS 800 can be supplied as a coin only system. An additional module for the deposit of banknotes, or one for the dispensing of banknotes can be easily added.

A system to allow the recycling of banknotes is also available.

For the processing of non cash items, such as vouchers, credit slips and so forth, a secure drop box system can also be added, making the RCS operate as a complete, 24/7 cash office, whatever the location or application.



## Technical Specifications



### *Coin recycling, Coin in Coin out*

- PC, on-line communication
- Touch screen, bar code scanner
- Software: SCAN COIN Orchard/J, running under Windows® XP Professional
- Size 580x580x1,500mm (WxDxH)

### *Coin in:*

- 700 coins/minute automatically sorted
- 8 denominations

### *Coin out:*

- Coin hoppers 500 coins/minute
- Storage capacity approx. 25,000 coins
- Coin fill directly to till
- Transport box for overflow coins

### *Additional options include*

- Bulk note acceptance
- Bulk note acceptance with banknote recycling
- Banknote dispense
- Drop box for non cash items (vouchers, credit slips)

### *Remote monitoring of cash levels and machine status*

- Multiple machines can be supported at centre
- Alerts on high or low levels of cash, by denomination
- Monitoring of both coin and note levels
- Machine status and failure alerts

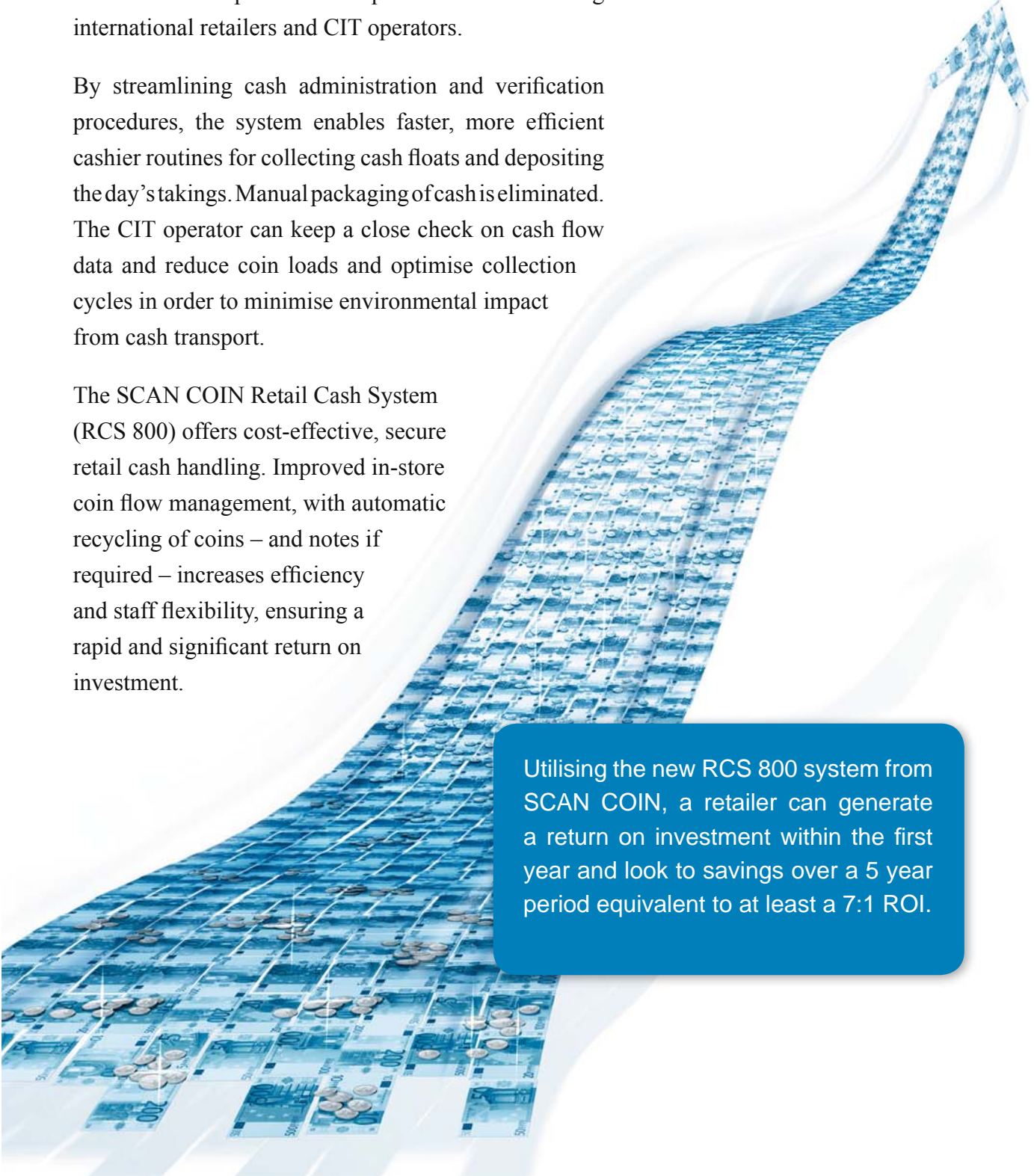


## Summary

SCAN COIN RCS 800 is an innovative cash processing solution developed in co-operation with leading international retailers and CIT operators.

By streamlining cash administration and verification procedures, the system enables faster, more efficient cashier routines for collecting cash floats and depositing the day's takings. Manual packaging of cash is eliminated. The CIT operator can keep a close check on cash flow data and reduce coin loads and optimise collection cycles in order to minimise environmental impact from cash transport.

The SCAN COIN Retail Cash System (RCS 800) offers cost-effective, secure retail cash handling. Improved in-store coin flow management, with automatic recycling of coins – and notes if required – increases efficiency and staff flexibility, ensuring a rapid and significant return on investment.



Utilising the new RCS 800 system from SCAN COIN, a retailer can generate a return on investment within the first year and look to savings over a 5 year period equivalent to at least a 7:1 ROI.



*Founded in 1966, SCAN COIN is one of today's leading suppliers of cash processing equipment, system solutions and services. Our worldwide customer base is served through a network of SCAN COIN companies and distribution partners covering some 120 countries. SCAN COIN develops, manufactures and markets equipment and integrated solutions for handling banknotes and coins, and has become a world leader in the automatic cash processing market.*

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