



Increase Efficiency



Cut Labour Costs



Optimize Cash Flow



# ULTIMATE CASH HANDLING GUIDE FOR RETAIL



How to handle cash like a pro to save time and increase efficiency

# Contents

Introduction	3
The Importance of Cash Today	4
The Cost of Overlooking Cash Handling	5
The Hidden Cost of Payments	7
Eight Steps to Handling Cash like a Pro	8
The Benefits of Automating Cash Handling	10
Time Savings Case Study	11
Leveraging Technology to Maximise Cash Handling	12





## Introduction

Recent challenges in the economic environment, rising labour costs and increased cost of living and utilities meaning that individuals, and businesses alike have had to focus closely on how to maximise available assets and opportunities.

For many retailers a key area is how to maintain or improve store operations through technology and automation.

One area of operations that is often overlooked is cash handling. Most retailers don't quantify the cost of cash handling for their business, but between counting, recounting, depositing, reconciling, and delivering cash to the bank to make a deposit or get change, there can be a huge time and labour commitment to cash.

This guide will help you identify your operation's cash needs, highlight opportunities for improvement, and help you identify other viable solutions that will increase efficiency, reduce costs, mitigate risk, and increase overall transparency into cash operations.





## The Importance of Cash Today

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However often we hear predictions of cashless society, the fact remains that cash has an important role to play. Indeed, recent research shows that, following on from a period where contactless was pretty much dictated through global circumstances, cash usage has been exhibiting a steady increase and there has been a natural return to cash usage.

Faced with rising living costs cash has become an invaluable tool for some people to manage their finances and track day to day spending. Further, the absence of cash as a viable payment method would have marked consequences for consumers and businesses alike. Not only would it limit the overall number of customers a business can sell to, but it would disenfranchise a large group of the population that prefer or, indeed, need cash as their payment method.

There are **four** main reasons why cash remains an integral part of society:

### 01 Cash does not discriminate

Recent research shows that approx. 2.1% of the UK's adult population, around 1.1 million people, do not have a bank account. Cash is the primary form of payment for this group. For some people, it is a case of 'digital exclusion; recent figures from the FCA state that 3.9 million UK adults (7%) were digitally excluded – 26% of whom were aged 75-84, and 2% of whom were 85 and older. Additionally, the most vulnerable in society, often people with illnesses or disabilities, need access to cash. In each these instances, cash does not discriminate.

### 02 Cash keeps costs low for businesses

There are often equipment fees, processing fees, and interchange fees associated with card or contactless payments. There are no additional fees or costs to the business when accepting cash payments.

### 03 Cash protects consumer privacy

The desire for privacy is a major contributing factor when it comes to the future of cash, and many consumers already have a certain amount of distrust when it comes to digital payment methods due to the increased risk of identity theft and fraud. Cash use leaves no audit trail and removes the risks that can come with digital payments.

### 04 Cash is reliable

Technology is not infallible; there are times when payment apps and banking systems go down, the internet has an outage, there's a loss of power, or even a natural disaster. At times like these electronic payments are often useless. Cash is not - and remains a vital backstop to keep things moving.



**This branch  
is closing.**



## The Cost of Overlooking Cash Handling

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Business have faced wide ranging challenges over recent years, including a global pandemic, increased cost of labour, changes in consumer behaviour - and consolidation of banking centre locations.

Bank branch closures is one of the challenges with the most significant impact on retailers and their cash, although the topic of branch closures is not new and remains an ongoing consideration with regard to safe cash handling.

As a brief overview, Bank branch closures reached their peak in 2017 when 867 sites were lost around the UK, at a rate of more than 70 a month. Similarly, some 792 branches closed in 2018. In 2019, the rate of closures slowed, although 444 branches still shut their doors for good. 2020 saw the lowest number of branch closures (369), as several banks shelved plans due to the pandemic.

Unfortunately it took less than three months for the number of bank closures planned for 2021 to outstrip those in 2020, eventually reaching 735 for the whole year. Closures continued into 2022, with a final count of 662 closures by the end of the year. In 2023 another 645 branches closed, with 358 scheduled up to the end 2024 and 16 pencilled in for 2025, which is certain to increase.



So for anyone needing to access banking facilities regularly and manage physical cash there are certainly significant challenges. The rate of closures led to a permanent shift in how people access financial services, and also how financial institutions choose to operate and conduct business with commercial customers. For retailers, this means longer drives for deposits, change, and other banking services and, in certain cases, an increased cost for banking services.

While these changes are here to stay, the actual cash handling in the retail environment and subsequent processing is often overlooked. Many retailers will find that when their cash handling process is evaluated, the solution they put in place 5-10 years ago no longer fits the business's needs.

An outdated process for cash management can negatively impact retail operations in the following ways:



### **Increased Cash Discrepancies, Shortages, and Errors**

Even with two or more employees assigned to verify totals, manual cash counting leaves room for discrepancies, shortages, and errors. These issues aren't easily rectified because of a lack of transparency in the cash handling process, with multiple touch points in the process from receipt of cash through reconciliation to banking, management can be left guessing the 'who, how and where' of discrepancies.

Additionally, there is an increased risk of accepting counterfeit notes if there is no technology in place to identify them.

According to a recent 'Retail Security in Europe' report, shrinkage is costing UK retailers almost £11bn annually (inclusive of theft, fraud, and other losses and shortages), the highest of any country in Europe.



### **Increased Security Risk**

When cash is openly handled and vulnerable, there is an increased risk of internal theft and, with multiple touchpoints, identifying the party or parties involved in any discrepancy could be difficult. Additionally, genuine mistakes and errors can easily occur with a non-automated process. Open cash handling also makes your location a target for external robbery or burglary - putting both customers and employees at risk. A successful burglary could cost a store dearly - but even if the burglary isn't successful there is considerable risk to staff both physically and mentally. Damages to property can also be costly.



### **Increased Labour Cost**

Manual cash handling leads to increased labour costs for retailers. And that's a fact. Retailers need to build time into their employees daily schedules to do manual cash handling tasks such as till preparation, cash counting, preparing bank deposits - and even going to the bank to make the deposits or get change.

Manual cash handling can take from 60 minutes to 4 hours per day depending on the size of the retail operation and that time comes at a labour cost. And the hidden cost is that manual cash processing takes time away from other important tasks that can add more value to the business.



### **Misallocated Resources**

Staff often work additional hours to count the cash, 'prep' the tills, or visit the bank for change before their shift. Generally, it is supervisors who oversee most cash handling tasks, diverting them from their other responsibilities.

Manual cash handling ties up resources that could otherwise be applied to revenue-generating activities such as retail merchandising and customer service. A positive customer experience is vital in order to build a loyal customer base and if employees don't have time to create that experience, then retail sales and customer retention suffer.

# The Hidden Cost of Payments

For some time now it has been predicted digital payments will replace cash - and that cash will no longer need to be used. That is absolutely not the case as there are many members of society who need access to cash. Indeed, the UK government has made undertakings to protect cash in society. For retailers, there are also additional costs associated with digital payments that do not exist with cash payments. Below are examples of payment-related costs retailer operators should consider:



## Accepting Cheques

Payment by cheque is increasingly uncommon in the UK, particularly for lower value purchases. The average cost to a retailer in banking fees for processing a cheque is £1 - but add to that labour costs and trips to the bank. If a deposited check bounces, there will be an additional returned cheque fee along with the difficulty of collecting the money due.



## Chargebacks

Chargebacks are costly to retailers. Once initiated, chargebacks go back and forth among the issuing bank, the merchant (and its bank), and the customer until one of them agrees to accept liability or until the credit card network is asked to resolve the dispute through arbitration. Not only can retailers lose money from disputed sales and incur chargeback fees, but credit card processors might drop a merchant for having too many chargebacks.



## Credit, Debit Card & Contactless Fees

Undoubtedly card and contactless payments are quick and easy. But they come at a cost to the retailer. The transaction fee is charged on payments using methods such as debit cards, and is usually a specific percentage of the cost of the transaction. For example, one provider might charge a transaction fee of 0.6% of each transaction, and an authorisation fee of 4p. For a transaction valued at £20, this would mean an overall charge of 16p, made up of 12p transaction fee and 4p authorisation fee. Another provider, however, might charge a higher transaction rate of 0.75% for payments made by debit card. Additionally, most merchant service providers will charge a minimum monthly service charge (MMSC).



## Data Breaches

For most smaller retailers and service providers, data breaches are unlikely to be a predominant issue since data will not be stored in significant volume by the organisation. However, just a note of caution. According to research from IBM Security. Data breaches cost UK businesses an average of £3.2m, with the UK the sixth most expensive country for data breaches. Stolen credentials account for 15% of these breaches and clearly this can be costly to a retailer or organisation.



# Eight Steps to Handling Cash like a Pro

Now we've explored the benefits of cash and its importance, you are ready to begin automating your retail business's cash handling methods and determining the best package of technology and resources for your needs. Here's is an eight-step plan to help you reach your cash goals based on industry-wide best practices

## 01 Evaluate your store or organisation's cash needs

Take the time to evaluate your current cash handling processes. Make sure to consider how much time, money, and resource it takes to complete your current daily cash handling tasks.

We recommend using the list of questions on the next page in the section titled, "Important Questions to Ask Your Cash Management Team".

## 02 Review the results

Once you've evaluated your store's cash needs, you'll be able to identify areas of improvement and look for solutions that can help optimise your cash handling. With the help of a cash management expert, you'll be able to see the projections on savings and operational improvements that are possible with cash management solutions like smart safes, recyclers, change order management, or all-in-one solutions such as Loomis' SafePoint. SafePoint is a cash handling package including, smart safe or cash recycler technology, change order management, armoured transportation, and a proprietary online reporting platform.

## 03 Invest in cash technology and find a reliable cash management partner

The need for cash management services is growing and many businesses are looking for a partner that can provide a more transparent and user-friendly experience. When considering a cash management partner, ensure the following is offered:

- ▶ Prompt answers to your questions and concerns with a dedicated Customer Support Centre Account Manager\*
- ▶ A customer portal that provides a way to stay on top of your business's cash flow from anywhere, at any time
- ▶ Minimised third-party involvement in daily operations to reduce timeline setbacks
- ▶ Data which is easy to access and interpret, helping you make better business decisions and manage exceptions
- ▶ Flexibility in terms of the types, size, and costs of solutions based on how much cash a store deposits and manages
- ▶ Help in analysing store operations and guidance on operational best practices, allowing maximised use of technology

## 04 Standardise the cash handling process

There's no 'one size fits all' way to handle cash. Every business is unique, and retailers need to work with their management teams to standardise the cash handling process.

### Here are a few things to consider:

**Who handles money and how much do they handle?** Having just one person manage and handle all the cash for a location leads to opportunities for error or internal theft. It is important to add a second person to the cash handling process to increase accountability and reduce human errors. But if you are using a depository solution like a smart safe, you can be confident that your cash is

\*All customers will have access to our dedicated Customer Support Centre, applicable clients will also be assigned an account manager.

properly counted. Since each employee is assigned a unique pin you can also easily track all deposits.

**How often should you make deposits based on location?** Having too much cash on hand becomes a security risk, so it is important to make deposits when your store reaches a certain cash level. If you're not using a smart safe solution, this means potentially going to the bank multiple times a day

## 05 Focus on security

If you're using a cash management solution with smart safe technology, you can easily deposit and verify large bills knowing your cash is protected without leaving your business premises. However, if you're not, it is recommended that the managers who are delivering cash to the bank themselves leave at different times every day in order not to create a pattern and avoid potential theft.

## 06 Emphasise training and re-training employees on the new cash handling process and technology

Your employees will always be a part of the cash handling process so training them is vital to minimise errors and eliminate bad cash handling habits. For example, habits such as depositing small denominations that could be used for change. It is recommended you develop a regular training schedule for all employees to ensure your processes are being followed.

## 07 If you have a manual process, always have a paper trail

Manual processes mean more human errors. The use of automated cash handling technology can greatly reduce errors and can help you quickly correct them. Smart safe and cash recycler solutions come with a customer reporting portal that allows management to view user activity - such as who is inserting cash into the machine, how often, when, how much and by denomination. These same platforms also provide management insight into each location's cash situation, provide a variety of exportable financial reports, the ability to request services, and manage support tickets. If you're not

using cash handling technology, it is important to keep cash receipts and supporting documentation for each till count and deposit to create a paper trail.

## 08 Evaluate (and re-evaluate) the process

The new cash handling process should be evaluated every 60, 180, and 360 days after implementation. During this time certain improvements should be evaluated, such as time spent on cash handling tasks. Your selected cash management partner should have an account manager and support team to ensure everything is running smoothly and you are on your way to significant improvements. After the initial implementation, it is recommended to evaluate your cash handling solution every 3-5 years as cash needs and usage change over time.

### Important Questions to ask your Cash Management Team

- Is there a standard set of cash handling processes for your stores?
- How much time is required to complete daily cash handling tasks such as opening/preparing registers, closing registers, making intraday drops, creating end-of-day deposits, and driving to and from the bank?
- How much cash and coin is being held in your store's inventory?
- What percentage of your sales are cash?
- How often do you make deposits?
- Who is responsible for making intraday or end-of-day deposits?
- How are deposits made?
- What are your bank fees related to deposits?
- How many depository relationships do you have?
- How much time does it take to create, make, and reconcile deposits?
- How are cash discrepancies tracked and who is responsible for fixing them?
- What percentage of sales are in shortages or internal loss?
- How could more visibility into the cash supply chain help your business's operations?
- Has your business been targeted by criminals or located in a high crime area?
- If you're going to the bank daily, could you benefit from gaining access to your cash deposits overnight?



# The Benefits of Automating Cash Handling



## Increased Visibility

- 01 Organisation-wide reporting
- 02 Gather real-time insights into each store's cash situation
- 03 Know exactly who and when cash was accessed or deposited
- 04 Quickly solve cash discrepancies
- 05 Access cash insights remotely anywhere, anytime
- 06 Make strategic business decisions



## Enhanced Security

- 01 Eliminate bank trips to make deposits and collect change
- 02 Keep funds safe
- 03 Reduce opportunities for robbery, burglary, and internal theft
- 04 Reduce idle cash inventory on-hand
- 05 Reduce risk to employees and customers



## Lowered Costs

- 01 Increase flexibility and better utilisation of staffing resources
- 02 Reduce operating costs
- 03 Increase productivity through more efficient cash handling processes
- 04 Customise collection and delivery schedules
- 05 Reduce change order frequency
- 06 Decrease bank fees



## Increased Efficiency

- 01 Streamline cash flow
- 02 Accelerate deposit credit
- 03 Improve employee time management
- 04 Optimise best practices and training surrounding cash handling
- 05 Spend less time on cash discrepancies and exceptions
- 06 Track your deposits and change orders
- 07 Less complicated deposit reconciliation

# Time Savings Case Study

For the purpose of this time study, we have assumed a labour cost of £12 per hour and we have divided daily cash handling into three different tasks: bank trips, deposit preparation and till reconciliation.



## Save Time and Money with Automation

You can see that cash automation technology saves retailers a significant amount of time associated with cash handling tasks. Based on our research, retailers can save £6,864 annually and more than 550+ hours in labour through the use of cash automation.

**£6,864**  
ANNUALLY

**550+**  
HOURS

Disclaimer: Please note that this is not a comprehensive list of tasks because each individual business is unique and spends different amounts of time on cash handling tasks.



## What's Next?

# Leveraging Technology to Maximise Cash Handling

In today's challenging financial climate with rising wages and labour shortages, retailers should be looking for ways to automate and optimise as much of their business as possible so they can focus on revenue-generating activities.

Ultimately, cash handling is a time-consuming task. Making it more important than ever to find a reliable cash management partner who can offer extensive experience, industry knowledge, and a tech-forward, configurable solution.

Keep in mind that not every cash management provider is embracing new technology, but many of the advancements available today are

centred around creating a more user-friendly experience for customers, with inbuilt methods of monitoring and maintaining business accuracy, performance and accountability.

An automated cash management system can eliminate the unproductive, tasks of counting and handling cash, opening and closing registers, creating end-of-day bank deposits and making one or more trips to the bank. The right cash management solution will help you to streamline the entire process, not only cutting costs but also increasing efficiency and helping to improve the bottom line.

**FOR MORE INFORMATION AND TO SPEAK WITH A REPRESENTATIVE, SCAN THE QR CODE**



SCAN ME

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