

IACA's Pre-Conference Discussion Meeting
The future of Cash from the Cash Management Services (CIT/Cash Processors)
Perspective
Monday, November 3
@ the Amercias Cash Cycle Seminar in Miami

Overall Themes

- **Global inconsistency:** Cash ecosystems vary widely by country — from cash-dominant developing nations to digital-leaning advanced economies — creating fragmented challenges.
- **Efficiency and cost pressure:** Cash services are becoming more expensive and less profitable; efficiency, collaboration, and innovation are critical.
- **Standardization and coordination** are recurring needs — across ATMs, cash logistics, and data processes.
- **Unclear responsibility** for sustaining cash infrastructure — should it fall to governments, central banks, retailers, or CITs themselves?
- **Transition and evolution:** CIT companies may need to **pivot** to new service models as digital transactions rise.
- **Public service aspect:** Cash must be treated as a **public good** — essential for inclusion, resilience, and economic stability.

Table 1 – Global Fragmentation, Public Responsibility, and Efficiency

Key Insights:

- Discussion highlighted **diverse stages of cash and digital adoption** — from cash-heavy (islands, Haiti, Philippines) to nearly cashless (Sweden, Northern Europe).
- **Regulation is inconsistent** worldwide — some countries tightly regulate, others are hands-off.
- CIT and processors are under **cost pressure:** banks push costs down to CITs, who in turn squeeze suppliers.
- Example: **Australia's** consolidation (Prosegur & Armaguard merger) reflects unsustainable cost pressures.
- **Responsibility gap:** Who should fund and sustain the cash ecosystem?

- Central banks and governments should **recognize cash as public infrastructure**.
- Retailers could share responsibility, especially as they benefit from recyclers.
- **Solution** proposed:
 - Joint responsibility among central banks, banks, retailers, and CITs.
 - **Digital integration and coordination** across the value chain.
 - Learn efficiency models from other industries (e.g., manufacturing).

Takeaway:

Cash management must shift from isolated, cost-driven silos to a **coordinated, efficient, shared-responsibility model** that recognizes cash as critical public infrastructure.

Table 2 – Standardization, Technology, and Market Structure

Key Insights:

- Regions discussed: Barbados, Haiti, Germany, US
- **ATM efficiency and recycling** are key focus areas — banks pushing volume from branches to ATMs to reduce CIT visits.
- **Smart safes and provisional credit** create tension: customers want faster crediting; CITs face compliance and reporting challenges.
- If cash volumes drop further, **CIT industry consolidation** is likely.
- **Standardization** (especially ATMs) is a major issue:
 - Different ATM hardware/software across banks creates inefficiency.
 - Standardization efforts underway through CAC, but **progress is slow** — manufacturers (NCR, Diebold) have mixed incentives.
- Debate: should **central banks or industry** drive standardization? Consensus: industry collaboration needed, but **governance and oversight** may need to come from higher level.
- **Regional carriers** (smaller CITs) could play a growing role if empowered and integrated into the ecosystem.

Takeaway:

The cash ecosystem needs **standardization and collaboration** across ATM, CIT, and banking networks. Without it, inefficiency and consolidation will accelerate, limiting competition and resilience.

Table 3 – Digital Transformation, Efficiency, and Industry Evolution

Key Insights:

- Focused on **digital transformation within cash operations** (e.g., Fed’s e-Manifest project).
- Goal: **remove paper**, streamline processes, and enable data-sharing across the cash supply chain.
- Efficiency drivers: automation, recyclers, just-in-time delivery, and smart safes.
- Observations:
 - Some banks (e.g., JPMorgan) see more **cash inflows than outflows** — shifting patterns of use.
 - **ATM proliferation** may soon reverse due to declining margins.
 - **Baby boomer cash dependence** will affect future cash volumes.
- **CIT adaptation**: regional couriers introducing new models (e.g., on-demand delivery) demonstrate how efficiency and innovation can sustain the sector.
- **Collaboration (not regulation)** seen as key — CAC (Cash Advisory Council) could coordinate industry-driven modernization.

Takeaway:

The path forward is **digitally enabled efficiency** — automation, data integration, and partnerships across the cash ecosystem — rather than waiting for regulation to dictate change.

General Discussion –

Direction and Adaptation

Key Insights:

- **Policy clarity** is crucial: central banks/governments must define if their strategy is pro-cash, pro-digital, or hybrid.
- **CITs need to pivot**:
 - Explore roles in **digital security, data transport, or digital asset protection**.
 - Shift from “moving cash” to “securing value” in all forms.
- **Digital transition** is an opportunity**, not just a threat, for cash handlers.

Takeaway:

Future-ready CITs will diversify beyond physical currency — adapting their security and logistics expertise to the broader **digital payments ecosystem**.

Inclusion, Policy, and Resilience

Key Insights:

- **Financial inclusion** (unbanked/underbanked populations) remains a major justification for maintaining cash.
- **Cash as a safeguard:** Sweden’s reversal of cashless policies shows the **risk of over-digitization** — resilience against cyberattacks, wars, or authoritarian misuse requires cash.
- Recognition that **cash is a public good and economic stabilizer**.
- However, **economic structures differ**:
 - In some developing regions, high cash usage doesn’t always translate to GDP growth because much activity is informal or untaxed.
- **Early warning systems** and **cash-cycle indicators** can help countries monitor risk to their cash infrastructure.
- **Behavioral campaigns** (e.g., Germany’s “Use cash once a week”) may help sustain usage and infrastructure viability.

Takeaway:

Cash’s future depends on **balanced policy, active usage, and early monitoring of decline indicators** — to prevent infrastructure collapse and ensure social and economic resilience.

Overall Key Takeaways Across All Tables

Theme	Core Insight	Implication
Global Fragmentation	Cash ecosystems differ dramatically by geography.	Solutions must be context-specific , not one-size-fits-all.
Responsibility & Governance	Unclear who should fund/maintain cash infrastructure.	Governments & central banks must define their roles clearly.
Efficiency & Cost	High costs pressure CITs; many pass costs down.	Joint efficiency efforts and tech integration are essential.
Standardization	Lack of common standards creates inefficiencies.	ATM, process, and data standardization can improve performance.
Technology & Innovation	Digital tools (smart safes, recyclers, e-manifest) increase margins.	Invest in automation and data-sharing for resilience.

Theme	Core Insight	Implication
Inclusion & Public Service	Cash remains vital for access and equity.	Treat cash as a public utility , not a private burden.
Future of CIT	Must evolve beyond physical transport.	Pivot toward digital value security, data logistics, and tech partnerships .
Resilience	Over-digitization exposes systems to systemic risk.	Maintain cash redundancy for national and financial stability.