

Cash Recyclers Find Clients in Bank, Nonbank Markets

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Automated cash vaults that can accept and recycle funds are becoming increasingly popular with financial services companies, which say the machines can improve customer service and security.

The vaults are prompting some companies to redesign their branches.

Commerce Bancorp Inc. is completing a yearlong trial of 90 cash vaults at the teller lines in 30 of its 468 branches, and the Cherry Hill, N.J., company is planning to use the machines in other branches.

Linda Verba, an executive vice president at Commerce and its chief retail officer, said her company is using teller cash recyclers from De La Rue PLC, a British manufacturer that also supplies the coin counters in its branches.

The equipment is best suited for high-volume branches, Ms. Verba said. Using the recycler, which typically serves two teller stations, means the teller no longer has to count cash three times, she said. "This is more about creating an opportunity for an engagement experience with the customer."

The rollout plans are still under discussion, because Toronto-Dominion Bank's TD Banknorth Inc. of Portland, Maine, is buying Commerce, Ms. Verba said. Commerce shareholders are scheduled to vote on the deal Feb. 6.

"How we do it may be a little different now, based on the integration," especially in the Middle Atlantic, where both TD Banknorth and Commerce have branches, she said. However, "with or without a merger, we would be moving forward" with automated cash vaults.

The recyclers, which can count, validate, and dispense different denominations of currency, is finding nonbank customers in businesses that handle large amounts of cash.

Last year Michael Hodges, the owner of the Advance Financial chain of 20 check-cashing stores around Nashville, began to use the Automated Teller Safe from the German automated teller machine company Wincor Nixdorf International GmbH at one of his stores to act as a "head teller" for the store.

Because the vault ties into Advance Financial's computer system, executives always knows how much cash is on hand, he said. "In a worst-case scenario, a robbery, the cash is in a safe, a 1,400-pound safe bolted to the floor."

In addition, the recycler has reduced overtime by eliminating the dual-control requirement for two employees to count the money to open and close the store.

Advance Financial plans to install 10 more recyclers by early next month at high-volume stores, he said. "It has to be high-volume to justify it. You have to be dealing with high volumes of cash."

Alan Walsh, the vice president of Wincor Nixdorf's U.S. banking division, said the vaults save money for users and improve customer service.

"The recycling technology is exploding right now," Mr. Walsh said. "The interest has always been there. Now the financial institutions are making the decisions to invest in the technology."

Jim Merrell, the director of global product marketing at Diebold Inc., said demand also is growing for his North Canton, Ohio, company's devices, both inside and outside financial services.

Diebold announced this month that Rent-A-Center Inc., the nation's largest rent-to-own company, would install 500 of its Express Cash Recyclers in the next two and a half years.

In nonbank environments, the machines are used primarily for security, Mr. Merrell said, but within the financial services industry they can serve a much broader purpose by enabling staff members to focus more on sales than on clerical tasks.

"As you are repurposing the branch, teller automation equipment is a strong enabler of that," he said.

Washington Trust Bancorp Inc. in Westerly, R.I., has been using Diebold's cash dispensers for two years to speed up transactions at its busier drive-through locations.

But the \$2.4 billion-asset company plans to introduce cash recyclers for the first time at a branch it is opening in Providence this summer. B. Michael Rauh, Washington Trust's executive vice president of sales, service, and delivery, said the branch has been designed to take advantage of the vault's security features.

Mr. Rauh said he could not discuss details of the design.

But he did say the branch will have an open floor plan, akin to Washington Mutual Inc.'s Occasio design, to foster better customer service. "It's allowed us to think a little bit differently about how we configure the teller line and have more open conversations with our customers."

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