

WHITE PAPER

Self-Service Coin Counters: A Win-Win for Customers and Financial Institutions

Executive summary

Institutions large and small must continually look for new ways to generate revenue, particularly in a difficult economy. At the same time, consumers are looking for ways to stretch their earnings. Expanded options for “cashing in” may be prompting coin-saving consumers to redeem rainy day caches of loose change more frequently than in the past.

Financial Institutions (FIs) can demonstrate their commitment to improved customer service through self-service coin counters. They can also realize cost savings through reduced labor and increased operational efficiencies.

Through a careful analysis of consumer behaviors, attitudes, experiences and preferences with regard to coin redemption, a recent study clearly establishes the value of self-service coin counters. While fostering an enhanced customer service experience, the self-service option reduces transaction times and their associated costs in addition to value-added benefits:

- Higher customer satisfaction ratings
- Operating efficiencies
- Increased foot traffic and face time
- Revenue generated by non-customer usage fees or cross selling
- Attract new customers or members
- Low-cost marketing to customers

The success or failure of self-service coin redemption is largely dependent upon the customer’s positive interaction with the coin counter, making operating efficiencies and serviceability high priorities in machine selection. Once an organization has made the decision to provide self-service coin counters, careful consideration must be given to vendor selection. A partner with a proven track record for accuracy and dependability in the currency counting industry is essential.



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Increase customer satisfaction with self-service coin counters

According to a recent Chief Marketing Officer Council survey, bank marketers rank poor customer service and unmet needs and expectations among the top three consumer pain points. But, while marketers say they are “testing new niche products and services that speak to specific segments of customers,”¹ the delivery of self-service solutions as part of the effort to offer customers a more relevant experience falls at the bottom of their list. Could they be missing something?

...67% of consumers who currently redeem coins at a retail location said if their FI installed no-fee, self-service coin machines they would change their rating to “extremely satisfied” – reinforcing the message that self-service solutions are in fact relevant to customers.¹



Eighty percent of consumers surveyed by BranMark Strategy Group say they would switch from a teller to a self-service coin machine if the option was available, and that their satisfaction would measurably increase as a result. Customer satisfaction has, in fact, increased for those whose FIs have already installed machines. Respondents who switched from a fee-for-service machine or from bringing wrapped or loose coin to a teller because their FI installed a self-service coin counter subsequently rated their overall satisfaction an average of one to two full points higher on a scale of 1 to 10 – an increase of 10% to 20%. In addition, 67% of consumers who currently redeem coins at a retail location said if their FI installed a no-fee, self-service coin redemption option they would change their rating to “10” for “extremely satisfied” – reinforcing the message that self-service solutions are in fact relevant to customers.¹

The secure feeling consumers associate with their FI contributes to their desire to process their coins using a self-service option in that environment. Other reasons cited for this preference include:

- Friendly, responsive staff
- Feelings of greater accountability imparted by FI ownership of the coin counting machine
- Improved experience with higher quality counting machines
- Enjoy watching coins being counted
- Self-service machines are faster
- Avoid counting and wrapping coins
- No lines while holding heavy coin containers
- No holding up other customers who are waiting in line

Above all, customers like the idea of not having to pay a fee. The CMO Council reported that high fees and increased fees not linked to better service dominated among the top complaints customers had about their banks. Consumers who had changed their banks did so to gain more and better service options and more convenient local access. Sixteen percent of FI customers reported being open to changing to a new FI with superior service, lower costs and great benefits.¹ That being the case, an option like self-service coin – that allows FIs to provide a new service to customers while promising positive revenue/savings potential for the organization – should be moved to the short list for immediate consideration.

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Sixty-four percent of coins are redeemed at FIs

A strong market exists for self-service coin redemption in FIs. BranMark's survey found that at least one person in 80% of U.S. households save loose change, 64% of which is redeemed at FIs. Based on the responses, surveyors estimate that 70% of these savers redeem coins 1 to 3 times per year or more, many making a special trip to do so. More than half say they "cash in" their savings at least 2 and as many as 7 or more times per year. Amounts redeemed range from less than \$50 per visit to more than \$300 per visit. The study also found that many consumers still count, wrap or roll loose coins and take them to a local bank or credit union for redemption. See Figure 1

Some FIs allow customers to bring loose coins to the teller to be counted by machines behind the counter or in the back room. Respondent remarks indicate the body language of tellers and fellow patrons does not encourage coin redemption at the counter and infer a significant cost in employee and customer satisfaction, especially those customers waiting in line. Of those surveyed who currently bring loose coins into their FI, 65% would react positively if their FI installed a no-fee, self-service coin counter. Of these, 45% said they would use it "all the time." In addition, 50% of those who were currently bringing rolled or wrapped coin to their FI indicated they would also welcome the installation of a self-service coin counter.

Of the participants in the study who normally redeem their loose coins at a retail location, 80% said that if their FI installed a no-fee, self-service coin counter, they would be "very likely" or "somewhat likely" to use it. Of this group, however, 90% said if a convenient, local FI other than their own installed a no-fee self-service coin machine, they would be likely to use that machine.

FIs that do not provide coin counting machines for their customers are ceding the advantage to FIs that offer the service. Not only will their own customers pay regular visits to those other institutions, but their customers will be subject to their competitor's marketing promotions as well as teller interaction and/or cross selling. It is also likely that the competing FI will be the beneficiary of any feelings of goodwill and satisfaction engendered by the provision of a no-fee, self-service coin counter.



Sixty-five percent of those who currently bring loose coin into their FI would react positively to a no-fee, self-service coin counter. Of these, 45% said they would use it "all the time."

Figure 1 – Coin redemption behavior of consumers that save coins²

Redemption method/location	% of total coin savers	# of US households	Redeemed avg/visit	Redeemed avg/yr	Redeemed total/yr	Redeemed % Retail	Redeemed % FIs
Uses self-service coin at retail	34%	18 M	\$104	\$200	\$3.6 B	32%	
Uses self-service coin at FI	11%	6 M	\$141	\$260	\$1.6 B		14%
Brings loose coin to FI	19%	10 M	\$172	\$315	\$3.2 B		29%
Brings rolled coin to FI	26%	13 M	\$86	\$185	\$2.4 B		21%
Totals	90.00%	47 M	\$126	\$240	\$10.8 B	32%	64%
Ad hoc/does not cash in	10%	n/a	n/a	n/a	n/a		4%

² Assessing the Opportunities for SSC Machines in the Financial Segment: BranMark Strategy Group, 2011



FIs need to understand that consumers who currently use a self-service coin counter at a retail location are highly motivated to move to a no-fee self-service coin counter at their own FI – thereby increasing the number of visits to the branch by an average of 2 per year. Conversely, if another bank in the area advertises a no-fee self-service coin option, the current FI could see as much as two thirds of their customers entering another facility.³

What drives redemption location?

The top two drivers influencing the choice of redemption locations are:

- Convenience - closer is better
- Fees - no fee processing

Convenience

Cashing in at a self-service coin counter in the local supermarket offers the convenience of being close to home, as well as being a place where consumers frequently visit. Granted, FIs may offer close-to-home convenience and a frequently visited location as well, but consumers also like the extended hours that cashing in at a retail location typically allows. Although “banker’s hours” has become a bit of a misnomer, most retail locations are open late evenings and weekends, and most banks and credit unions are not.

The caveat, from a user’s perspective, is supermarkets install coin counters to generate income and to bring customers into the store, putting cash in their hands to spend. Fees that might be 10% of the redemption amount (or more) are therefore deducted from the redemption totals.

Fees

Consumers are, for the most part, aware of these fees – although some expressed surprise at the percentage of the charges,

saying they had never noticed the amount. Most feel that convenience, time savings and reduced effort justify the cost. But many fee-for-service customers said they would happily use the self-service coin machine at a convenient FI location if they could significantly reduce or eliminate the fee.

Although reluctance to pay a fee is the primary reason that consumers prefer to redeem at FIs, savers also feel more secure bringing their coin to FIs than to supermarkets - a strong motivator to change their behavior. These biases can help FIs attract the business of consumers who currently take their coins to a retail location but would prefer to redeem them at a FI, particularly if a convenient no-fee option was presented.

The elusive proof of quantifiable service value: Cross selling

Self-service coin processing has grown commonplace in supermarkets, but banks and credit unions have been slower to adopt the technology. Even products designed to meet the unique needs of FIs have not been widely deployed. Self-service counters are usually installed as a service to customers, but there are other drivers which should not be overlooked.

Self-service machines empower customers to process coins themselves and even to receive their payout at the machine, when that option is available. Because tellers are no longer occupied with processing coins brought in for redemption, wait times may be reduced or the need to open an additional window eliminated. This improves operational efficiency and may reduce labor costs.

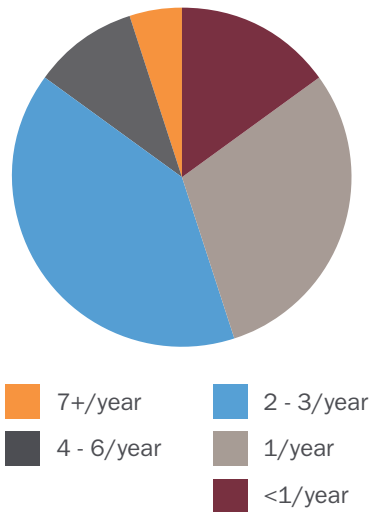
Figure 2 – Potential new users of self-service coin counter² – illustrates the strong potential for converting consumers to self-service coin redemption.

Redemption method	% of total savers	Redeemed avg/yr	Redeemed total/yr	Will switch to no-fee SSC	Potential SSC customers
Ad hoc/does not cash in	10%				
Uses self-service coin at retail	34%	\$200	\$3.6 B	80%	14.4 M
Uses self-service coin at FI	11%				
Brings loose coin to FI	19%	\$315	\$3.2 B	65%	6.5 M
Brings rolled coin to FI	26%	\$185	\$2.4 B	50%	6.5 M
Totals	100%	\$233	\$10.8 B		27.4 M

² Assessing the Opportunities for SSC Machines in the Financial Segment: BranMark Strategy Group, 2011

³ Based on respondents’ frequency of redemption and that 60% say a special trip is made to redeem coin.

Figure 3 – Frequency of Coin Redemption, Survey Respondents



Placing a self-service coin counter in multiple branches should also increase customer visits, creating opportunities for face-to-face engagement, cross selling and prospecting new accounts. BranMark found that 40% of savers redeemed their coins 2 to 3 times per year and 60% of those that used a FI self-service coin counter made a special trip to the FI for that purpose.⁴ That uptick in foot traffic allows you to apply a more effective marketing strategy in your branches.

Self-service coin counters print a receipt that the customer can hand to the teller to complete the transaction rather than a container of coin to be processed. This interaction gives employees high-quality face time with customers, and face time promotes cross selling. According to the Global Consumer Banking Survey, consumers are anxious to reach their financial goals and are therefore open to receiving information about relevant products and services. Most customers who took part in special promotions or programs reported acting after talking with a teller or other representative.⁶

To assist with cross-selling efforts, a self-service coin counter should be equipped to pass on promotional information to customers, promoting the FIs brand and programs. A large full color display with video and audio capability provides the most flexible tool for FIs to communicate with customers as they give the machine their full attention.

Equipment makes a difference

Cummins Allison coin counters were preferred over a leading competitor by 100% of focus group participants in hands-on comparisons. Regardless of previous method used, 75% of participants said they would use a self-service counter at an FI the next time they redeemed coins. Don't send your customers to a competitor to redeem their coins. FIs trust Cummins Allison products for currency and coin handling needs: trust CA to provide the best self-service coin solution.

Money Machine's patented sorting technology makes it the fastest, most efficient self-service coin counter in the industry – employing on-the-fly coin discrimination to perform high-speed, uninterrupted coin-sorting and automatic rejection of debris and foreign coins for increased throughput without stops or jams. Robust and built to last, Cummins Allison coin counters are designed and assembled in the U.S. and backed by local, trained service technicians to facilitate quick and efficient repairs with local parts inventories, when needed.



Financial institutions without self-service coin machines today could initially see half or more of their customers/members switch to a self-service machine, thereby freeing up significant teller time, while advertising features, such as custom receipts and on-screen advertising, provide opportunities to sell other products and services or new accounts.⁵

⁴ Measuring US Consumer Coin Behaviors, Attitudes, and SSC Machine Opportunities: BranMark Strategy Group, 2011

⁵ Assessing the Opportunities for SSC Machines in the Financial Segment: BranMark Strategy Group, 2011

⁶ What's Critical in the Vertical-Global Consumer Banking: CMO Council, 2011 | <http://cmocouncil.org/global-banking-report/>

Recognized technology leader

As the number one provider of high-speed coin processing equipment, we give our customers tremendous value and unmatched performance:

- More than 50,000 installs worldwide
- Fastest coin sorting and processing equipment on the market
- Speeds of up to 4,100 coins processed per minute
- 99.995% accuracy rating
- 98% uptime
- Industry-proven reliability

No competing machine can make these claims.

The Money Machine self-service coin solution is also equipped with a 15" full-color LCD screen with Windows-based software which greatly facilitates the task of customizing your machines to convey your message to customers, whether the machine is idle or in use. With an estimated market saturation of 25%, is this an opportunity you can afford to miss?

Be among those FIs offering self-service coin redemption machines – and count on Cummins Allison to help you achieve the best customer service for your organization.

Cummins Allison is a driving force in the money-handling industry, owning more than 350 U.S. patents and inventing coin-sorting technology that is faster and more efficient than any other coin sorter available on the market today. Cummins Allison designs, develops, and manufactures high quality products, including solutions for high-speed currency and check imaging as well as high volume currency and coin processing. We employ hundreds of local service technicians across North America to ensure the continued satisfaction of our customers.

For more information, visit cumminsallison.com/ssc2



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Generations of Vision and Excellence

Cummins Allison sets the standard for accuracy and dependability.

Cummins Allison is a global leader in developing solutions that quickly and efficiently count, sort and authenticate currency, checks and coin. With a heritage of leadership in technology and product innovation spanning more than 125 years, Cummins Allison serves the majority of financial institutions worldwide, as well as leading organizations in retail, gaming, law enforcement and government. Ninety-seven percent of our customers would recommend our products and services.

CA holds more than 350 U.S. patents and has ongoing R&D investments double the industry average. Our world-class sales and service network has more than 50 offices in North America and is represented in more than 70 countries.