

# Cash Handling & Security

## Is automation the answer?

While it may seem curious for some to still be talking about cash in retail in 2024, the truth is that cash remains the only universal payment method for all South Africans, even though it's no longer the dominant payment method it once was.

According to research by the Boston Consulting Group, 86% of South Africans report using cash regularly, and 95% of people withdraw cash from ATMs at least once a month, highlighting cash's continued presence in our economy.

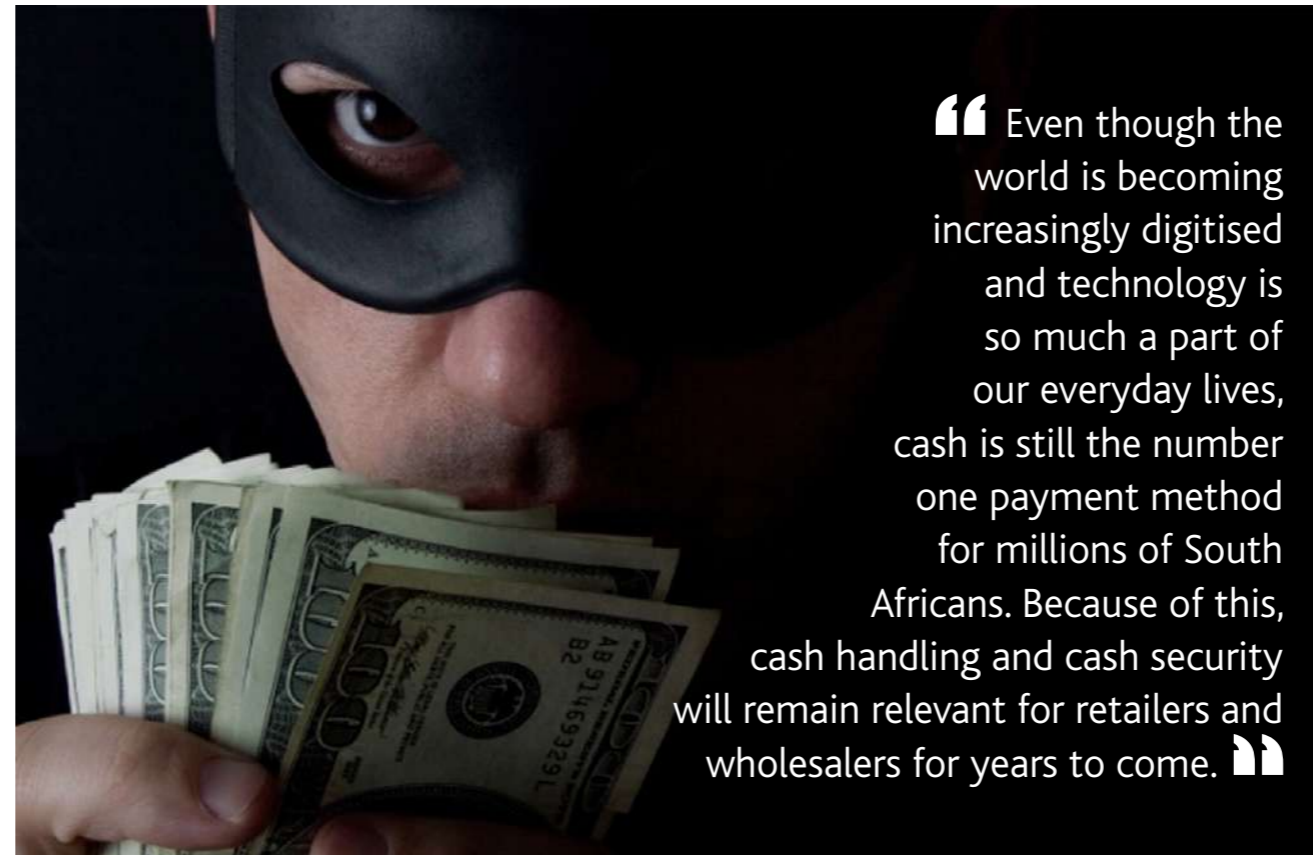
Which begs the question: what can retailers and wholesalers do to make cash handling both seamless and secure at a time when cash-related crime is still one of the biggest scourges for South African law enforcement?

### Automate, automate, automate



Morné Liebenberg

Morné Liebenberg, Managing Director of cash automation specialist, Clyronex, says that reducing and ultimately eliminating the need for retail staff to handle cash is paramount for the continued safe and efficient use of cash in our stores.



“Even though the world is becoming increasingly digitised and technology is so much a part of our everyday lives, cash is still the number one payment method for millions of South Africans. Because of this, cash handling and cash security will remain relevant for retailers and wholesalers for years to come.”

Image by RoyalFive, www.canva.com

“Automate, automate, automate, that’s the message,” says Liebenberg.

“Automation means eliminating counting errors and shrinkage, cutting reconciliation of cash takings down to minutes instead of hours, and having real-time visibility of cash at all times,” he says. “It also means that the staff resources needed to manage cash can be reduced.”

Mark Templemore-Walters, Operations Director at Cash Connect, concurs, saying that “retailers and

merchants are embracing automated cash handling solutions to streamline processes, reduce errors, reduce risk, and enhance security. These solutions often include cash vaults, ATM recyclers, and integrated POS systems that automate tasks such as counting, sorting, and depositing cash,” he says. “Automated cash handling can deliver a saving of up to 40% in time and money.”

These messages are backed up by facts: South African retailers are seeing a clear shift towards

**Embrace automated cash handling solutions to streamline processes, reduce errors, reduce risk and enhance security?**



Mark Templemore-Walters

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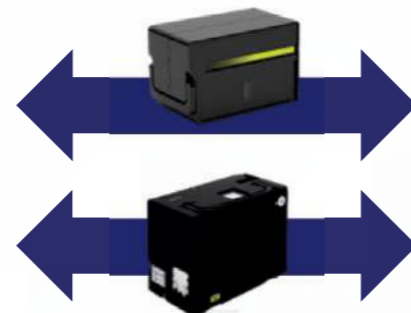


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Clyronex is a South African distributor and support partner of Glory Global Solutions for the CASHINFINITY™ range of Point of Sale cash management recycling equipment.

increased security and automation in cash handling practices in 2024, driven by a combination of factors such as persistent cash theft and a renewed focus on staff safety.

While some statistics show a decrease in overall shoplifting, reports indicate a rise in cash-specific theft, both at tills and during cash-in-transit (CIT) operations.

Image: Ziphonke Lushaba. [www.dispatchlive.co.za](http://www.dispatchlive.co.za)



Police minister Bheki Cele

Historically, CIT crime has been one of the biggest challenges for South Africa's law enforcers, with police minister Bheki Cele airing his frustrations to the Sunday Times last year at the "stubborn increase" in cash-in-transit robberies.

Even the encouraging reports of a targeted police operation resulting in 75 CIT-related arrests in the past year don't change the fact that South Africa still faces a significant armed robbery threat, and retailers and wholesalers are prioritising staff safety by minimising the amount of cash readily available on site.



Ekurhuleni looted cash in transit van. EMPD, <https://www.iol.co.za/>

## Cash automation options

In response to these persistent concerns, retailers and wholesalers are increasingly implementing automated cash management systems such as cash recyclers and intelligent safes.

Cash recyclers authenticate and sort deposited bills, reducing the need for staff to handle large amounts of cash. Smart safes, on the other hand, limit access and automatically deposit cash into secure vaults, further reducing on-hand cash and deterring theft.

"Most retailers have relied on smart safes in the past, with grocers (41%) and general merchandise (23%) leading the pack in terms of installation numbers in EMEA (Europe, Middle East and Africa)," says Liebenberg. "An independent consulting report from RBR London suggests that 85% of back-office cash automation installations are smart safes."

Cash Connect's Templemore-Walters says that retailers are now also offering in-store ATMs to

drive revenue growth and offer more customer convenience.

"They can install an ATM recycler to deposit their own cash as well as offer customers the ability to withdraw cash and perform other transactions in-store when doing their monthly shopping,

offering them a saving on taxi fees and extra trips to the shop or bank," he says. "Retailers can also boost their revenue by earning rebates from each successful card withdrawal to potentially cover the monthly rental of the device."

Some retailers are taking the additional step of partnering with CIT companies to optimise cash collection schedules. This involves more frequent, smaller collections to minimise the amount of cash on site at any given time. Additionally, CIT companies are investing in advanced security measures for their vehicles and personnel.

The goal for most retailers and wholesalers, however, should ultimately be to reduce the frequency of CIT collections, which is why many stores are increasingly acknowledging the benefits of back-office cash recycling devices rather than smart safes.

"As well as securing and depositing cash, recycling devices enable retailers and wholesalers



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to automate more cash processes, such as float allocation, to more efficiently manage shift changes and reduce the amount of cash held in store,” says Liebenberg. “While this is still a relatively small market in South Africa, it’s already helping to reduce the number of CIT pick-ups needed, often by as much as 50%.”

## New cash handling technologies

Beyond the broader trend of cash automation, there are some exciting new technologies emerging that further enhance safety for both vendors and customers.



Self checkout with cash recycler. <https://retail-optimiser.de/>

One example, which we’re yet to see deployed at scale in South African retail, is **self-checkout with cash handling**. While self-checkout has been around for a while, integrating cash acceptance into these systems is a recent innovation.

“Point-of-sale cash automation is a great leap forward for both the customer and retailer,” explains Liebenberg. “It works with your back-office cash recycler to deliver a more robust and

complete cash management system by eliminating errors when dispensing change.

“It also prevents cashiers from having to handle cash, since the cash is deposited directly into the device by the customer, and the customer receives change from the device. Cash can then be transferred in sealed cassettes from the point-of-sale devices directly into the cash recyclers in the back office.”

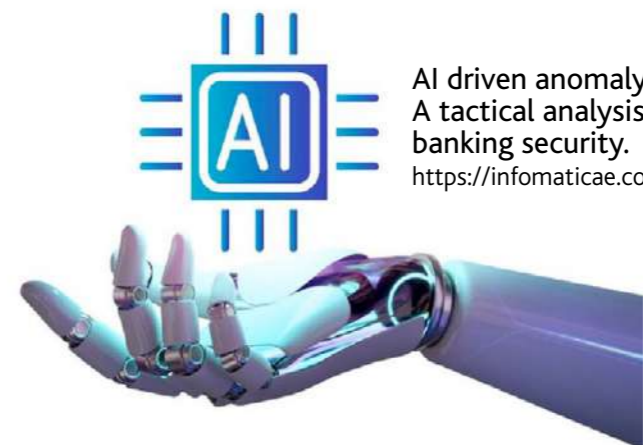
**Cash-to-card conversion systems** are another example of a technology that allow customers to deposit cash and receive the equivalent value on a prepaid debit card. This eliminates the need for customers to carry large amounts of cash and reduces the risk of theft. For vendors, it removes the burden of managing and securing large amounts of physical cash.



<https://planning.net/>

It seems everything is going the way of artificial intelligence these days, and cash handling is no different. **AI-powered anomaly detection systems** analyse cash transactions in real-time. They can, among other things, identify suspicious patterns, like counterfeit bills or attempts to exceed withdrawal limits, and flag them for further investigation, which helps deter fraudulent activity and protects both vendors and customers.

It’s important to note that widespread adoption of some of these technologies might take some time due to factors such as cost and infrastructure. However, the trend towards increased cash handling automation with a focus on security is undeniable. As these technologies become more affordable and accessible, we can expect to see them become the norm in South African FMCG retail and wholesale stores.



AI driven anomaly detection: A tactical analysis of fortifying banking security. <https://infomaticae.com/>

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## Beyond the store

Cash security outside the store is a major consideration for customers using cash handling machines (CHMs). While the machines themselves offer improved security within the store, customers are still vulnerable after they leave with their cash.

“In South Africa, the reduction in CIT store visits is not only a cost saving; it has much wider implications, as the ongoing battle against CIT crime demonstrates,” says Liebenberg. “Reducing your environmental impact, taking into consideration the safety of anyone handling and transporting cash, and the safety of the general public, are all equally important for socially responsible retailers.”

Having a security guard patrol the ATM area, especially during late hours, can deter robberies and provide a sense of safety for customers. ATMs should be placed in well-lit areas, both inside and outside the store. This discourages criminals who prefer to operate in darkness. Good lighting also allows security cameras to capture clear footage.

Retailers and wholesalers can also play a part by educating their customers, displaying informative signage near ATMs and around the store as a reminder of safety precautions. This can include warnings such as not using ATMs alone at night, being aware of their surroundings, shielding PIN entries, and depositing cash promptly.

Retailers should also consider offering alternative cash management options outside the store, such as secure night deposit boxes or partnerships with CIT companies that offer after-hours cash collection services for businesses.

Image: pixelshot, www.canva.com



## Embrace cash automation technologies:

Technologies such as cash recyclers, smart safes, and self-checkout with cash handling can significantly reduce the amount of cash that your staff need to handle. This minimises discrepancies and the risk of internal theft.

## Train your staff:

Well-trained staff are

## Best practices for cash handling

**Minimise on-hand cash:** This remains a key strategy for deterring theft. Look to implement practices like frequent cash drops or armoured cash collection services to ensure minimal cash remains in the store at any given time. Woolworths is already promoting the idea of cashless stores. Expect more to follow suit if the trend is well-received by shoppers.

## Maintain a visible security presence:

This can include security cameras strategically placed throughout the store, clear signage regarding cash handling policies, and having a designated safe location for cash storage. Additionally, consider having a security guard on site during peak hours or when handling large cash deposits.

essential for maintaining strong cash handling procedures. Training should cover areas like counterfeit bill detection, proper cash drawer procedures, shift change protocols, and how to respond to suspicious activity.

Image: fotofrog, www.canva.com



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## The many benefits of automating cash handling

Even though cashless payment systems are on the rise, cash handling machines continue to offer several benefits for South African retailers and wholesalers, especially considering the current landscape.

**Banking on the unbanked:** As noted, a significant portion of the South African population remains unbanked. CHMs (cash handling machines), particularly cash deposit machines, provide these customers with a secure and convenient way to manage their finances, allowing them to deposit cash into their accounts without needing a traditional bank account.

### Enhanced security:

CHMs offer several security features that deter theft and fraud. Cash deposit machines typically use secure vaults and limit access through user authentication. Additionally, some CHMs can detect counterfeit bills, reducing losses for retailers and wholesalers.

<https://youverify.co/>



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Umesh Kumar Khiri unveils the mysteries of RAI, separating the hype from the reality. To dive deep into the fascinating world of Red AI, go to: <https://infomaticae.com/author/umesh/>

processes. Faster processing also means quicker access to deposited funds, improving a retailer's cash flow.

### Cash and cashless payments: Each playing their role in South Africa

In a society such as South Africa with vastly different retail habits, it's important to note the roles that cash automation and cash handling technology, cash payments and digital technology play in the economy.

"As we all welcome new methods of payment, with mobile phone apps and digital wallets that give us more choice and convenience as shoppers, the reality is that cash is a universally available payment method that is still used and preferred by large sections of society," says Liebenberg. "For now, and for the foreseeable future, retailers still have to manage and process their in-store cash payments."

By offering both options, stores can cater to a wider customer base and provide a more comprehensive payment experience. As South Africa transitions towards a more digital economy, cash automation can play a crucial role in ensuring a smooth, inclusive – and secure – financial experience for everyone.

**Reduced operational costs:** While there's an initial investment in acquiring CHMs, the long-term benefits can outweigh the cost. The time saved on manual cash handling translates to reduced labour costs, for example. Additionally, CHMs can minimise discrepancies and cash shrinkage, leading to overall cost savings.

### Convenience for specific transactions:

Cash remains the preferred method for some transactions, such as making small purchases or paying gratuities. CHMs, particularly ATMs, provide customers with 24/7 access to cash, which can be especially convenient in areas with limited banking hours.

**Improving cash flow management:** CHMs can automate many time-consuming tasks associated with cash handling, such as counting, sorting, and verification. This frees up staff time and reduces the risk of human error in manual cash handling

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# The CASHless landscape in South Africa

Cash remains a relevant payment method in South African stores today, but its importance varies depending on the store's target market and geographic location.

## Cash is still king in many poorer and less formal retail and wholesale environments

A significant portion of the South African population remains unbanked, relying solely on cash for transactions. This often results in customers making smaller purchases, where cash remains a convenient and familiar option. Acceptance of digital wallets and contactless payments is also lower in these areas due to limited access to smartphones or internet connectivity.

## Cash is declining in affluent and urban areas

Where internet connectivity and smartphone usage are the norm, the increasing popularity of digital wallets and contactless payments offers a faster and more convenient alternative to cash. In these areas customers are more security-conscious, and digital payments offer a more secure way to carry and spend money. Urban and affluent populations are also likely to have a higher smartphone penetration rate, facilitating the adoption of digital payment methods.



Informal traders in Alexandra.

Photo: Masego Mafata. <https://groundup.org.za/>

However, even in a declining trend, cash remains a crucial payment option for a significant portion of the South African population. Therefore, stores need to find a balance, offering both cash and digital payment options to cater to their diverse customer base.

“ In South Africa alone, approximately 11 million people, or 18% of the population, are still unbanked or under-banked. For them, cash remains the one and only option. ”

**Morné Liebenberg**  
Managing Director, Clyronex



Guy Lerner, writer and photographer, writes across diverse topics in business, technology, and retail, including consumer technology, telecommunications software, user experience technology, security, and power systems. He has worked with multinational companies in South Africa and Australia and is currently based in Cape

Town. Guy holds a B.Sc. Honours degree from the University of Witwatersrand). Contact Wilkins Ross Communications ([www.wilkinsrossglobal.com](http://www.wilkinsrossglobal.com)) or [guy@wilkinsross.co.za](mailto:guy@wilkinsross.co.za).

“ While low-income and rural consumers use cash for most of their transactions, younger and wealthier consumers also still prefer cash for certain use cases. Ultimately, retailers benefit when they give customers the choice to pay with the method they trust and find the most convenient for their present context. ”

**Mark Templemore-Walters**  
Operations Director, Cash Connect **SR**



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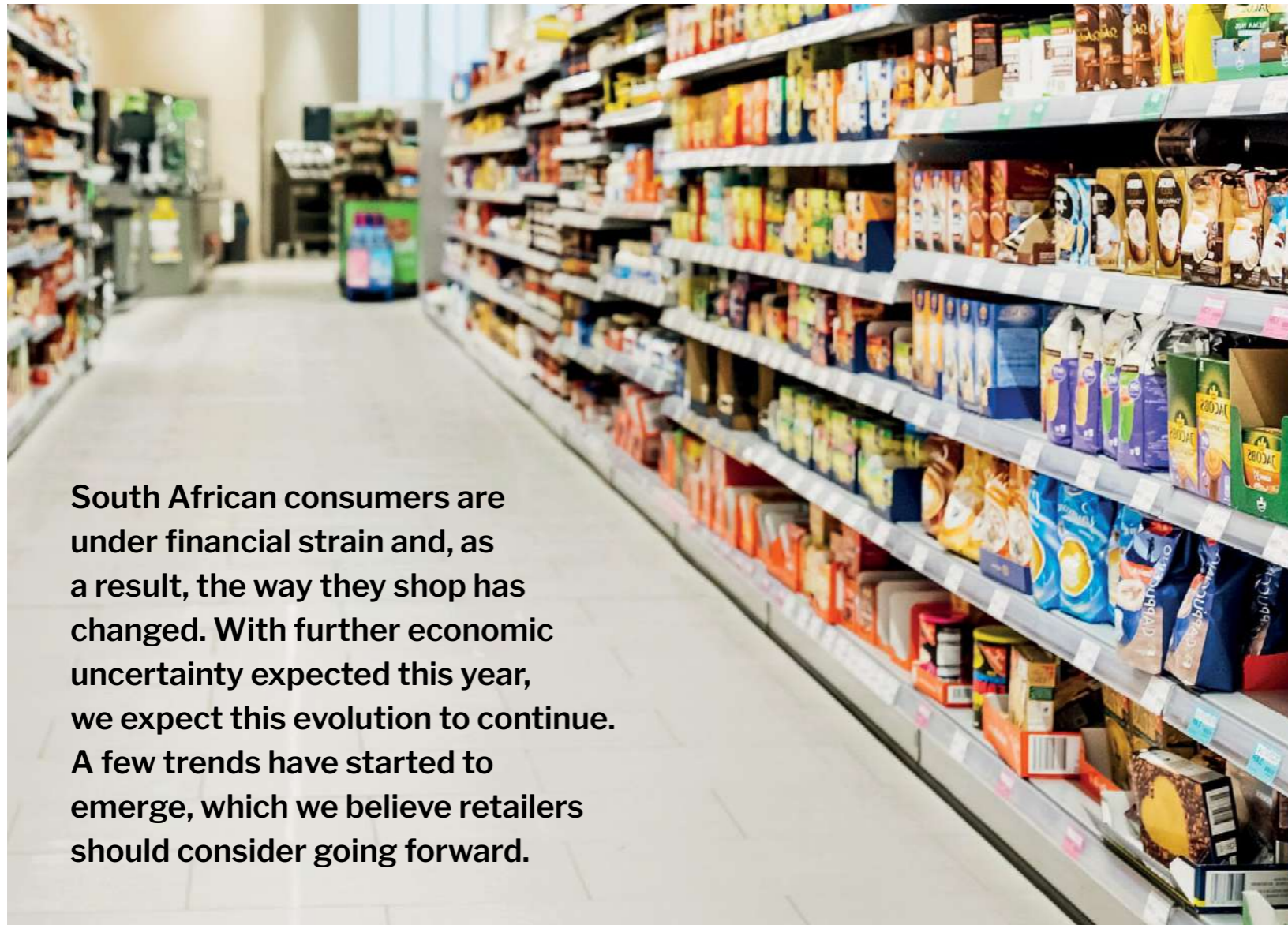
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# Explore these new retail trends.

By Karen Keylock, National Retail Services Manager at Nedbank Commercial Banking.



South African consumers are under financial strain and, as a result, the way they shop has changed. With further economic uncertainty expected this year, we expect this evolution to continue. A few trends have started to emerge, which we believe retailers should consider going forward.

## Budgets leave little room for luxuries.

Inflation, limited economic growth, energy supply challenges, and bleak consumer confidence are contributing to a tough economic environment in South Africa. According to the Nielsen IQ (NIQ) Thought Leadership's Consumer Outlook 2024 Report, 44% of South African consumers feel they are now in a worse financial position compared with last year.

**Insight:** Where and how South Africans shop is evolving, with almost all survey respondents (99%) saying they have changed their grocery shopping habits – 46% are shopping at discount or value stores more often; 31% are shopping online to get better deals and save on transport costs; and 59% shop at stores where they can use loyalty points to manage their spend. It seems that now is the time to consider diversifying to other products or product categories, particularly if your brand trades in luxuries.

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## Every saving counts

Shoppers are actively looking for ways to stretch their rands, as revealed by the NIQ Report. According to research by GfK Consumer Life, late last year, 57% of South African consumers postponed a purchase until the product was on sale or there was a special offer.

Alternative payment methods like 'buy now, pay later' (BNPL) and payment plans like PayFlex and PayJustNow, have also grown substantially in popularity as shoppers seek ways to make ends meet. According to Finder's research, half of adults in the United Kingdom have used BNPL services by the start of 2024, up from 36% a year prior. The number of people using BNPL globally is forecast to hit 900 million by 2027.

**Insight:** Finding the right mix of promotional or discounted items that will not negatively impact your profits and sales volumes is essential. For example, bundled or 3-for-2 promotions will move more stock than straight percentage discounts on individual items. Also consider VIP discounts, personalised offers, referral discounts, and free shipping.



## Embrace the omnichannel

In their quest for better value, last year's Black Friday bargain hunters unleashed the internet, using virtual stores to price check and buy big-ticket items online. Online sales increased at nearly 3 times the rate of in-person sales, although off a much lower base (6,3% compared with 2,2%), Associated Press reported the day after Christmas in 2023. Echoing this trend, South African franchises with a strong online presence and e-commerce capabilities saw a greater boost in sales during the holiday season according to the Franchise Association of South Africa.

**Insight:** Although South Africa's pace is more gradual than the rest of the world, it is wise to gear up for more activity to take place online, which may mean reassessing employee and technology requirements.



In conclusion, retailers that are agile, forward-thinking, and willing to take a dynamic and creative approach to value-driven consumers will be more successful at navigating this complex environment.

Another way to increase your chance of success is to operate as part of a franchise group, which offers the undeniable advantage of the power of collective effort. When times are tough, the independent retailer has no one to turn to as they face challenges and risk running out of steam, money, and options. But, as we've seen throughout the pandemic, being part of a franchise family means sharing the challenges and finding solutions together.

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