



# “Future-proofing the business of cash”

*by Mike Lee, CEO, ATMIA  
9<sup>th</sup> October 2013*



# THE STRUGGLE FOR SURVIVAL...



Four-day-long siege at a Nairobi mall kills at least 67 people

# ...IN A TURBULENT ENVIRONMENT



**GET ARMED...with foresight  
to fight for your future**

# High-Alert Warning from the Future



**“Passive adaptation to a deteriorating environment is a road to disaster.”**

Jamshid Gharajedaghi, Systems Thinker and Futurist

# **High-Alert Warning from the Future**

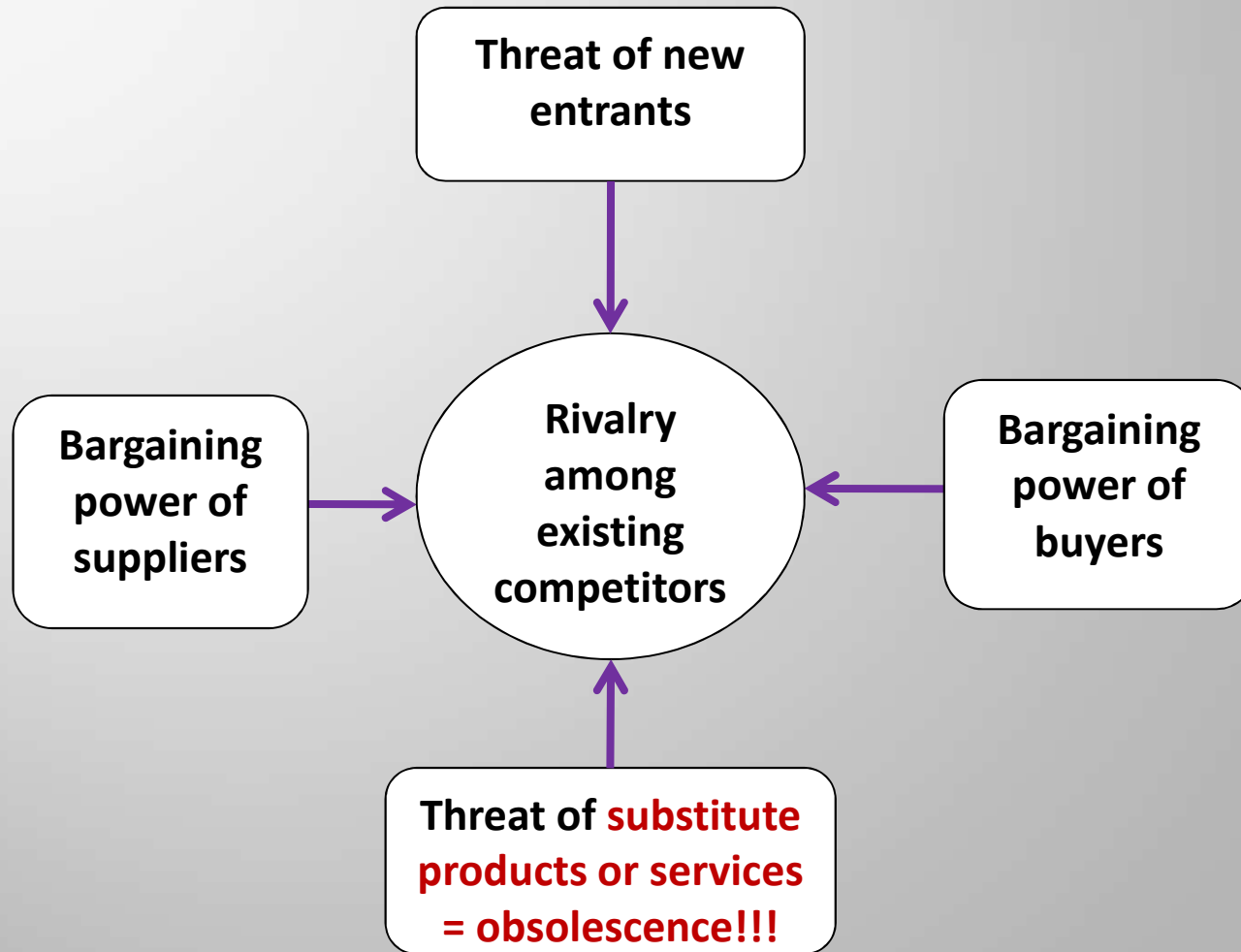
**“The average life expectancy of a multinational corporation-Fortune 500 or its equivalent-is between 40 and 50 years.”**

Arie de Geus, “The Living Company”  
Habits for survival in a turbulent business environment



Enemy no 1 = obsolescence!  
Therefore: innovate or die...

# Five Forces that Shape Competition



Source: Michael E Porter, Harvard Business Review, January 2008



# Assessing Risk

**VULNERABILITY OF SYSTEM**

**HIGH**

**LOW**

**RISK LEVEL**

**WHAT THREATS ARE OUT THERE??**

**LOW**

**THREAT INTENSITY**

**HIGH**



# Survival

**“Sensitivity to the environment represents a company's ability to learn and adapt.”**

Arie de Geus, “The Living Company”  
Habits for survival in a turbulent business environment

# Future-proofing



**“The lines between e-commerce, mobile commerce and bricks and mortar no longer exist for us.”**

**Reed Luhtanen, Director, Payments Policy, Walmart**

ATM & Mobile Executive Summit  
Washington DC, September 25-26, 2013

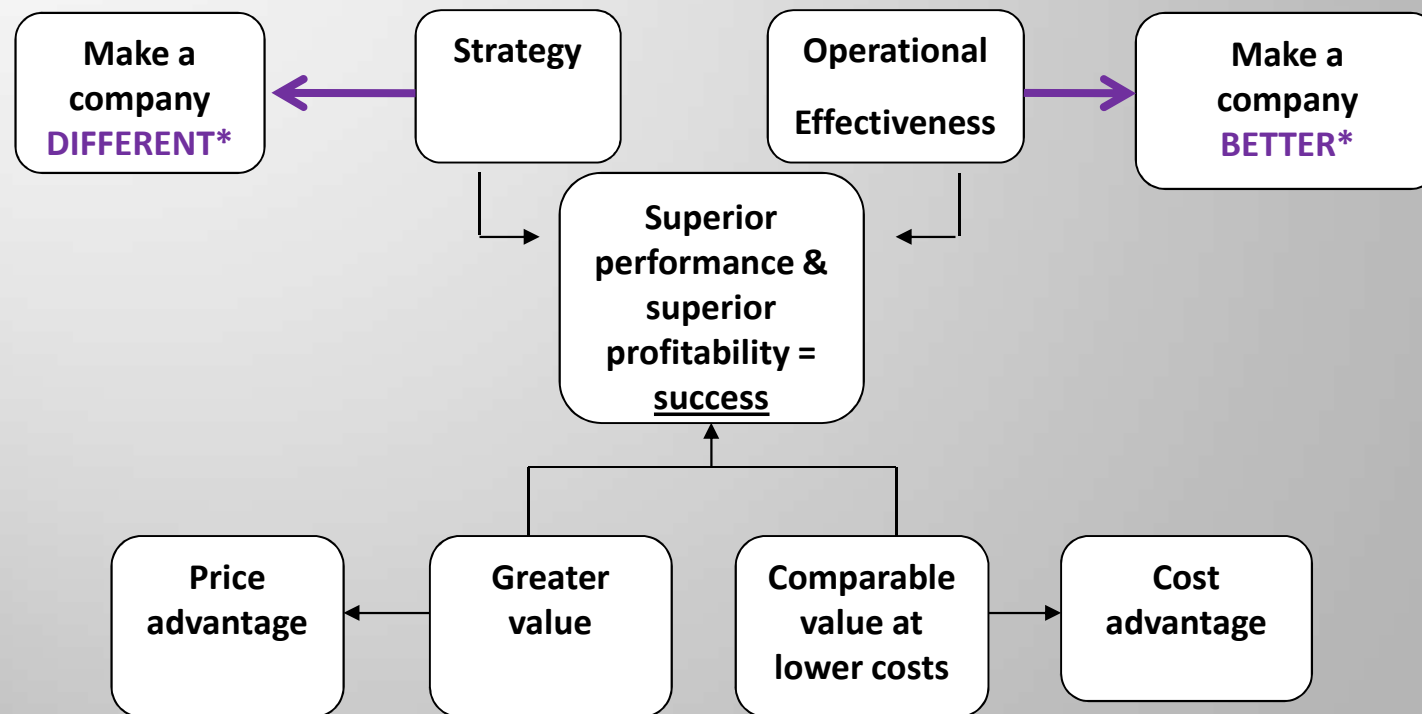


# Threat Level

- **Rise of digital world and digitisation of money**
  - ✓ **Power of internet and mobile technology**
  - ✓ **Changing consumer behaviour**
  
- **Aggressive war against cash**
  - ✓ **Global card schemes using anti-cash propaganda in public realm, targeted at consumers and regulators**
  - ✓ **Beware entropy – complacency & declining competitiveness**

**See “Cash Connects” and “Cash Lives” on YouTube!!!**
  
- **Crime migrating continuously**
  - ✓ **Spread of gas & explosive attacks**
  - ✓ **skimming**
  - ✓ **Money laundering**

# The Art of Survival according to Michael Porter



# The Art of Survival according to Michael Porter & Peter Schwartz



**“No organisation can be successful unless it has something unique to offer to the world. Really good strategy can only be based on being different from everybody else.”**

**“You have to be different and better than the next guy.”**

**Peter Schwartz, Chairman, Global Business Network (GBN)**

**BUT – DISTINCTIVENESS DEPRECIATES OVER TIME....**

**FROM PASSIVE ADAPTATION**



**TO FUTURE-PROOFING**

# Future-proofing

= “unlikely to become obsolete”

The New Oxford Dictionary of English

= “something that is future-proof will not stop being used because it has been replaced by something newer and more effective”

MacMillan Dictionary

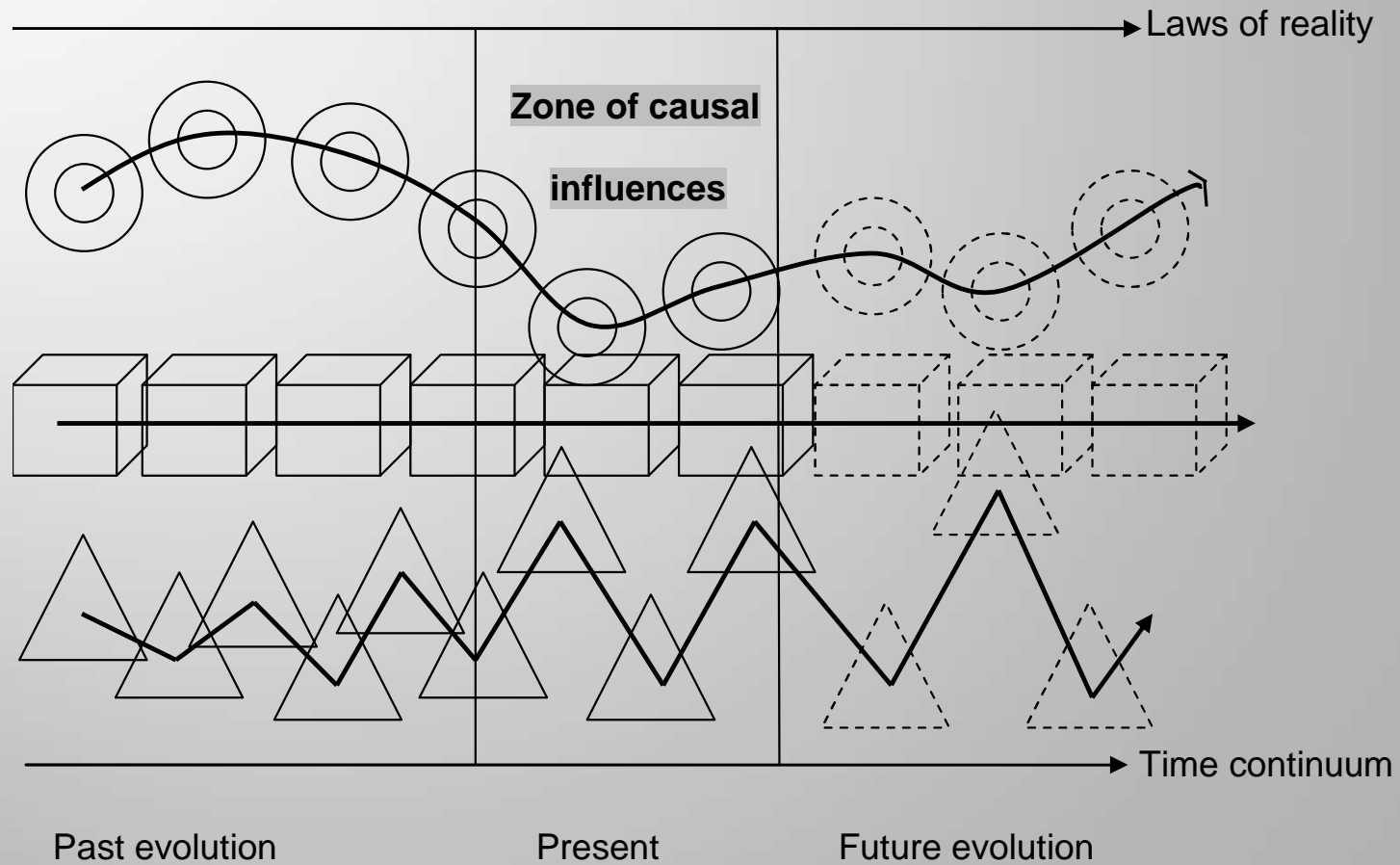


# Future-proofing



- ❖ **Look down the road ahead**
- ❖ **Define your Business Ideas of the future**
- ❖ **Anticipate macro trends – where will the ATM fit into the new multi-channel payments environment?**
- ❖ **Take steps to protect the future foundation for your products, services and assets**
  - ❖ **Communicate (PR) & Innovate**

# Future-proofing



# Future-proofing



- ❖ **ATM evolving into 21<sup>st</sup> century payments hub - Integrated Payments Touchpoint (IPT) - in multi-channel environment e.g. Cardless@ATM**
  - ❖ **Automated deposits & recycling**
- lower costs of cash – efficiency is part of competitiveness**
  - ❖ **Improve customer interface – “frictionless”**
  - ❖ **Security best practices**

# Future-proofing



❖ Customer centricity – omni-channel customer demands choice and enhanced end-user experience

❖ Channel convergence

❖ Competition between banks and non-bank service-providers

# Future-proofing cash

❖ **Cash is still king - MasterCard confirmed in their September 2013 report that 85% of all retail transactions are in cash, equating to 60% of all retail transaction value**

❖ **RBR is predicting volumes of cash withdrawals to grow at an annual rate of 7.9% from 2011-2017**

# **Future-proofing cash**

**“Strong demand for ATM cash withdrawals will remain one of the major drivers of ATM growth in the next few years. RBR expects the global installed base of ATMs to increase by 42% to 3.2 million terminals by 2016.”**

Retail Banking Research Press Release  
London, 13th October 2011

# Future-proofing cash

- ✓ Cash is minted trust
- ✓ Cash is minted freedom
- ✓ Cash is minted privacy - “positive anonymity”
  - ✓ Cash has so many unique features (distinctiveness), it can't be mimicked by any one replacement technology

A green highway sign with a white border and a white double-line border. The sign is mounted on a metal post against a blue sky background. The text on the sign is white and reads "The Future" in a large, bold, sans-serif font, and "NEXT EXIT" in a smaller, bold, sans-serif font below it.

The Future

NEXT EXIT