Dealing down under
How De La Rue is working with clients in Australia

Building relationships
Banking giant Halifax Bank of Scotland offers a more personalised service
De La Rue’s business is all about secure transactions. We work hard to maintain our leading technological edge, which in turn enables our customers to operate securely and efficiently where they are managing transactions of value.

Just as the world never stands still, neither does De La Rue and we are constantly applying our core values of security, integrity and trust to open up new and exciting markets. This approach has enabled us to become the driving force behind many of the world’s transactions and security solutions.

In the modern economy it is imagination and new ideas that win. In an ever changing world our customers trust in De La Rue technology in an ever more diverse range of applications and solutions.

Exchange seeks to keep you up-to-date with the most topical news as well as technological developments across the range of our businesses. I hope that you find this issue informative and interesting and worth a few minutes of your time.

Chief Executive
De La Rue
International News
4-9 Exchange looks at De La Rue’s activities around the world, including security passes for the Commonwealth Games, acquisition of Serbatech in Canada and helping Brazil’s Itautec to expand with the NMD cash-dispenser platform.

Future tense?
10 Cash may be popular with the public, but in this age of electronic payment what does the future hold for the humble banknote? Can cash remain king?

Dealing Down Under
13 Exchange interviews two of De La Rue’s cash handling customers in Australia – St George and Chubb.

Getting to know you
18 Halifax Bank of Scotland is shunning recent industry trends and opting for more personalised services. Nigel Bascombe, Head of Retail Network development at HBOS, talks about finding the perfect balance between automation and face-to-face service.

Being democratic
21 Outdated voting systems led to questionable results in the 2000 US elections. Is electronic voting the answer?

Deterring the fakers
24 As the commercial market for printing equipment grows, how can home counterfeiting be curtailed? De La Rue marketing manager, John Winchcombe, explores computer software designed to stop the counterfeiters in their tracks.

Grand designs
27 Get ready for a fashion explosion in the credit card design world. Fun, flashy, shaped, translucent – which designer card trend will get the greatest following?

Out of circulation
29 Santo Dominica’s Central Bank had a 10 year backlog of banknotes in their vaults. How did they deal with the problem?
News in brief

Meeting the money men
Members of the Commonwealth Business Council have taken part in a two-day meeting in London, sponsored by De La Rue.

Central bank governors as well as several finance ministers were met by a group of company representatives who hosted a reception for them on the first evening.

Currency sales director Paul Wilson, who led the De La Rue team, said: “Sponsoring the meeting gave us an excellent opportunity to meet a number of senior bankers in a relaxed and informal atmosphere.”

Double for Dutch seminars
Almost 1,000 delegates travelled to Dutch capital Amsterdam to attend Interpol’s international conference on currency counterfeiting and fraudulent travel documents.

As one of the event’s sponsors, De La Rue exhibited a wide range of products and provided speakers for two seminars.

The company’s corporate hospitality enabled Currency, Global Services and CSI staff to cement relationships with customers as well as generate new business.

The future of intaglio printing
A new origination technique developed by De La Rue, which gives banknotes a characteristic feel, will cause problems for counterfeiters.

The intaglio printing process gives a banknote its distinguishing touch by depositing a layer of ink of variable thickness on to paper while simultaneously embossing the paper surface.

Intaglio print creates a truly three-dimensional image that cannot be replicated easily using commercial printing techniques and is one of the most effective anti-counterfeiting features.

D-Plex, a new, highly sophisticated origination technique, gives banknote designers the tool to combine areas of exceptional tactility with subtle tonality in a controlled manner.

This localised enhanced tactility is exceptionally easy for the public to feel on a banknote allowing immediate authentication of the genuine note compared with any counterfeit.

De La Rue gets the vote
De La Rue is to take advantage of trends in the US for increasingly automated voting solutions, through its acquisition of 85 per cent of Sequoia Voting Systems Inc.

As one of the largest providers of voting equipment, software, ballot-printing and election services in the United States, Sequoia has more than 25,000 touch-screen and electronic-voting machines across the country.

The acquisition is part of De La Rue’s strategy to invest in new business opportunities and build on its position as a leading provider of secure, government identity solutions.

The company believes the market has strong potential for growth, with Sequoia well positioned to take advantage, including opportunities for future revenues through the serving and upgrading of hardware and software, as well as providing technical and consultative services.

Ian Much, De La Rue’s chief executive, said: “Sequoia is a major player in the US election systems industry with considerable knowledge and expertise of the North American market. “Coupled with De La Rue’s solid financial strength and strong international government relationships, this acquisition allows us to immediately capitalise on the growing market in the US.

“Looking to the medium term, it will also allow us to expand the business internationally in future,” he said.

Electoral reform – page 21
Games passes’ gold performance

Thousands of participants in this year’s highly successful Manchester, UK, 2002 XVII Commonwealth Games enjoyed a smooth passage through the UK’s visa and immigration process, thanks to high-security accreditation passes which used De La Rue Identity Systems’ expertise.

The passes were used by more than 40,000 participants and staff to gain access to the Games’ various venues. They also assisted with UK entry clearance, visa and immigration control processes for around 12,000 overseas members of the Commonwealth Games Family – including athletes, VIPs, team officials and media representatives – who required documentation to enter the host country.

Event organiser Manchester 2002 Ltd (M2002), the UK Immigration Service (UKIS) and De La Rue worked together in the two years leading up to the Games to determine and define suitably secure procedures, systems and passes.

Identity Systems had to incorporate a range of high-security features and measures specified by the UKIS, including:

- a high-security paper substrate containing various security features from Portals Bathford
- an extensive range of security-printed features
- De La Rue’s Multi-Layer Infilling System (MLIS) to protect the bearer’s photograph and personal details from tampering, thereby maintaining data integrity.

No cases of tampering were reported.

Jorge Arai, M2002’s Accreditation Programme Manager, said: “Accreditation went smoothly, both in terms of the process and the pass. No issues arose where any person had tried to tamper with the document, which indicates that the document’s integrity was of a very high standard. “The passes have more than sufficiently met the needs of M2002 and of the UKIS.”

Question of identity for Chile

The Chilean Government’s project to replace its national identity card was launched at a special ceremony in September attended by the President of the Republic of Chile, Ricardo Lagos Escobar, and the Director of the Civil Registration and Identification Service, María Alejandro Sepúlveda Toro. Working in partnership with SONDA, a Chilean-based systems integrator, De La Rue has supplied the central production system, which is now producing thousands of the new Chilean identity cards each day.
Acquisition helps boost self-service

The banking market continues to mature, and as a result, in some countries there is a strong trend for cash-transaction activities to move from the teller to a self-service area.

To keep up with developments, De La Rue Cash Systems has now acquired banking automation business Papelaco as part of its strategy to offer customers a complete end-to-end cash-handling solution for its bank branches.

This move will further the company’s position as the leading cash-handling solutions supplier to financial institutions.

Based in Lisbon, Portugal, Papelaco offers an up-to-date equipment portfolio for the self-service market, producing automated teller machines, multifunction kiosks and other self-service applications.

Under the terms of the agreement, at least 400 sales, service and administration staff based in Portugal and Spain will be integrated into Cash Systems.

Pietro Armanini, managing director of Cash Systems, explained: “In future, we see self-service and the provision of automated or electronic banking services as an essential component of our offering to customers.”

Papelaco’s banking automation business provides a natural extension to Cash Systems’ own offering to our customers, which further strengthens De La Rue’s position as a leading partner to financial institutions worldwide.”

Joining forces across China

The Chinese market will benefit greatly from a joint venture between Cash Systems and Nantian Electronics, a leading systems integrator and supplier of products and solutions for Sino electronic banking.

The combination of De La Rue’s technology and development know-how with Nantian’s technical expertise and manufacturing capability will help deliver products specifically designed to meet local market requirements, including the growing need for cash-handling products.

The first product from the Chinese-based joint venture company will be a banknote counter, scheduled for launch in 2003.

Said Pietro Armanini, managing director of Cash Systems: “This collaboration represents a greater commitment by De La Rue to accessing and developing the exciting market opportunities offered in China.

“Nantian is a significant player in the market and we’re delighted to be working with its staff.”

And Mr Zheng Zhigang, chairman of Nantian added: “The co-operation between Nantian and De La Rue is based on a foundation of mutual understanding established over recent years.

“The need to develop the cash-handling market in China is the catalyst of this venture, which will focus on research and development of high-quality products and solutions.”

Chipping away at UK crime

The UK is the first country in the world to take positive, co-ordinated action to reduce commercial property crime using chip-based track and trace systems.

The Home Office launched the Chipping Of Goods Initiative in March 2000 to show how property crime could be reduced throughout the retail supply chain using RFID-based information management systems.

This was in response to an urgent need to reduce the cost of property crime, to relieve pressure on police resources, and to trace the owners of recovered stolen goods.

The widespread adoption of RFID chipping systems is expected to lead to crime reduction as well as improvements in supply chain management and e-commerce operations.

The Home Office has funded a joint venture between De La Rue, wines and spirits company Allied Domecq and pallet and container pool operator CHEP International to tackle theft of commercial goods – and the results are looking good.

The project, which started in May 2001, involved fixing a bottle label printed with a 2D datamatrix bar code – which identified the product at item level – to a brand of Allied Domecq spirits, Teachers Whisky.

The outer carton and captive pallet were uniquely identified by linear bar codes and the transportation pallet by Radio Frequency Identification (RFI).

Once tagged, each item, case or pallet could be scanned and checked at various points in the supply chain. The SCANet™ database collates a history of the movements associated with each individual product within the supply chain. Items found in the marketplace can then be tracked back to establish their true ownership and identify theft or counterfeit so action may be taken before brand image, relationships and profits sustained lasting damage.

Kev Cooper, project manager of De La Rue Global Services, explained: “This project has shown there are modern, efficient, effective track and trace solutions available to brand owners for use in their brand-protection strategies.”

*SCANet* is a trademark of De La Rue International Limited.
Customers in Brazil and the wider South American market will soon have access to De La Rue’s ground-breaking Notes and Media Dispenser (NMD) cash-dispenser platform, thanks to a 10-year agreement with Itautec Philco, Brazil’s second-largest private group specialising in financial, insurance and industrial activities.

Under the agreement, the platform will be integrated into Itautec’s range of self-service cash dispensers and ATMs.

Kevin Bond, managing director of Cash Systems’ Product Supply Business, said: “This agreement will assist Itautec as it looks to develop and expand both its home and international markets. Looking ahead, the South American market offers De La Rue considerable opportunities for growth. This agreement gives us an excellent distribution channel.”

And Mr. Jose Carlos Lopes de Almeida, head of Itautec’s self-service marketing group, added: “The agreement secures our position as a first-tier ATM provider in Brazil, with full control over the technology within our self-service solutions. “We will now be able to operate more competitively at home while providing a world-class technology platform as we develop our international marketing strategy.”

Members of the public didn’t have long to wait for special-issue memorial stamps celebrating the life of Britain’s Queen Mother.

Staff at De La Rue’s High Wycombe factory worked through a bank holiday weekend in order to get the specially designed stamps to the Royal Mail, one week after the death of the country’s most senior royal.

Over the years, De La Rue has produced many issues of stamps featuring different members of the Royal Family.

Darren O’Higgins, major accounts manager, explained: “It was a privilege to produce the stamps. It was also a great achievement by the staff and a fitting tribute to Her Majesty that High Wycombe turned around the issue in such a short time.”
Smart move for efficient handling

De La Rue’s new Retail division has one clear goal—to provide retailers with secure and efficient payment solutions—offering cash-handling processes which assist in managing customer payments both at the point of sale and in the cash office.

It can cost retailers up to one per cent of their store revenues to process payments from the till, through the cash room and finally into their bank accounts. They are impacted more than ever by payment handling issues such as cost, cashflow, management information, customer service and security. De La Rue Retail Payment Solutions can minimise these risks while increasing margins, profitability and customer loyalty through improved payment processes, therefore freeing retailers to focus on their core business.

Offering payment-handling solutions at the point of sale and in the cash office, Retail Payment Solutions addresses point of sale security, automatic change dispensing, cash preparation and payment management. Currently the team is working with a number of retailers, casinòs, transport and vending companies to improve and secure their payment processes.

Expanding the solutions base, De La Rue Retail Payment Solutions is delighted to announce a revolutionary new software that reconciles customer payments with the point of sale. The new CountSmart™ solution provides reconciliation of cash, cheques, coupons and other payment media. It can easily be linked to existing De La Rue equipment such as note counters and coin sorters and will be available early next year.

CountSmart™ quickly reconciles cash, cheques and other payment media

A new simulated working environment, which opened at De La Rue’s Basingstoke, UK head office in August, is allowing the customer to personally experience the benefits of De La Rue’s cash handling products.

The new Solutions Suite—which includes a bank branch and cash centre—provides live demonstrations of the full Cash Systems portfolio, from desktop products to large sorting machines.

Vanessa Broome, marketing communications manager for the Financial Institutions business, said: “It’s all well and good talking about our products and distributing sales literature, but a live demonstration really brings the product benefits to life.”

Customers can also visit the Fortas® Solutions Centre, an Identity Systems demonstration facility, for an insight into how De La Rue technology is used to create highly secure and durable identity cards for government schemes.

Launched in May, it has already received interest from Latin America, the Caribbean and the Far East.

The centre featured in a recent national TV news programme examining the possibility of an “entitlement card” being produced in the UK. The new technology has already been adopted by one of the world’s major central banks, and De La Rue Currency aims to be producing banknote paper and printed notes using the new feature before the end of 2003.

The agreement will also see the Currency Systems International (CSI) business developing a detector that can read the new feature for its full range of sorting machines.

Jonathan Ward, managing director of CSI, said: “It will enable both CSI and De La Rue Currency to develop sorters, banknotes and paper products which provide an overall solution for our customers.”

A ground-breaking agreement with a US technology company has been made with De La Rue to launch exciting new covert machine readable features for use in high-speed sorters to central banks.

Mark Crickett, director of marketing for De La Rue Currency, said: “Many of the covert banknote authentication features currently in use are more than 20 years old. Although they remain effective, this new development enables us to stay at least two steps ahead of the counterfeiters. As the world’s leading commercial banknote paper maker and printer, we must continually strive to provide our customers with leading-edge solutions to their requirements.”

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Uganda introduces new digital passport system

Uganda has a more efficient and secure passport issuing system after it upgraded to digital imaging, bringing the Ugandan passport into line with the latest international security standards.

The Ugandan government, a long-standing customer of De La Rue, has bought the Company’s Multi Layer Infilling System (MLIS) for digitally imaged passport personalisation and has upgraded its Multiple Identification Document Issuing System (MIDIS) solution to the latest version.

The new system enables 300 passports a day to be issued from a central site in Kampala, the Ugandan capital, and 100 passports a day from each of three embassy sites in the UK, the USA and South Africa.

The system went live in October 2002, a month ahead of schedule.

Tom Walden-Jones, De La Rue Identity Systems sales manager said: “We are delighted to have won this upgrade contract with a valued customer. It strengthens our already significant presence in East Africa.”

News in brief

Design makes its mark

A commemorative watermark has been produced in the UK to celebrate the Queen’s Golden Jubilee.

A number of copies of the contemporary portrait of Queen Elizabeth have been sent to selected Currency customers.

Portals, the banknote paper arm of De La Rue Currency, produces a watermark each year to showcase its design skills.

Previous subjects have included the late Indian nationalist leader Mahatma Gandhi, and current United Nations Secretary General Kofi Annan.

By royal invitation

Dr Miguel Carrizosa, president of Diesa SA, the company which has represented De La Rue in Paraguay for the last 47 years, was invited to a garden party at London’s Buckingham Palace in recognition of his services to UK industry.

While in the UK, Dr Carrizosa also had time to visit Currency, accompanied by two senior managers from the Central Bank of Paraguay.

Acquisition boosts Canadian service

The acquisition of a Quebec-based company will allow De La Rue to increase the volume of its Canadian service base by 15 per cent.

Sarbatech, a small operation founded eight years ago, is the company’s second Canadian purchase in the last 12 months, giving De La Rue a greater presence in the country’s banking operation market.

Said Robert Deslandes, managing director, De La Rue Canada: “Sarbatech’s wealth of expertise and training will give us the knowledge, credibility and experience to allow us to offer our services to the major banks across Canada.”

Sarbatech’s three former owners are now part of De La Rue Canada – Philippe Hedrich is now national service director, Luc Pepin is service manager of automated equipment and Bertrand Chabot is manager of technical support.
Forecasting is the world’s most dangerous profession. As Mark Twain once put it: “The art of prophecy is very difficult – especially with respect to the future.”

Nevertheless, in this article, based on a paper presented at this year’s Currency Conference, I will endeavour to set a historical perspective and give some pointers as to where cash in general – and banknotes in particular – may go from here.

The first question is whether cash has a future at all in this age of electronic payments. De La Rue has carried out a number of surveys over the years and all give a clear indication that the public preference is for cash.

If you ask UK residents what is their preferred medium of payment, around three-quarters will say cash. Even in other economies with highly developed non-cash methods of transaction, such as Finland and Singapore, around two-thirds of people still say cash is their first choice.

So why does cash remain popular? I think there are four distinct characteristics that cash possesses which contribute to its continuing popularity.

Cash is:

• controllable
• confidential
• convenient
• secure.

By controllable, I mean that people feel they are in control of their finances when they are handling cash. Thus, unlike some alternative
De La Rue payment mechanisms such as credit cards, once you have spent your available cash, it is not possible to spend any more.

There is a considerable proportion of the public for whom fear of debt is a significant factor, and this is a major reason for the continuing popularity of cash. In one recent survey, around 44 per cent of British people said fear of debt was an important factor behind their continuing use of cash.

Cash is currently the only truly anonymous major means of payment used around the world. Most others have some type of audit trail. And for many people, privacy is important.

There has been much discussion about the technical possibility of inserting microchips into banknotes, but the question one can legitimately ask is whether this would threaten the perceived anonymity of cash – and reduce its popularity.

Cash also remains the most effective and convenient mechanism for use in person-to-person transactions. One area where this is particularly important is so-called “informal” sectors of the economy. By its widest definition, the sector constitutes economic activity undertaken without any application of existing labour force laws.

As such, the sector represents a large proportion of several economies, especially in the developing world, and provides a considerable amount of employment. Even in the European Union, it is estimated around 16 per cent of total employment is in the informal sector.

It would be difficult to categorise much of this activity as criminal – most consists of individuals or families operating as traders. Indeed, in many parts of the world, it is the only means by which people can earn an income.

To ensure its continued popularity, it is important that cash remains convenient to obtain and use. In the UK around 80 per cent of notes are withdrawn by the public from automated cash machines, and there is also increasing use of notes in vending machines for purchasing travel tickets and other services.

In the past, central banks had a tendency to design notes predominantly with their specific automated needs in mind, but what is becoming apparent is the importance of trying to design new notes with the needs of all users in mind.

Thus, it is important to take into account a wider group of users, such as vending machine operators and commercial banks, when considering the machine readability characteristics of banknotes.

For high-speed used-note sorting, there is a trend among some western central banks of devolving more of the job of sorting banknotes down to commercial operations, such as commercial banks and cash-in-transit operators. To enable these operations to undertake this work effectively, and to protect the all-important perception of integrity of the currency, they need to have access to adequate authentication features to ensure they can outsort counterfeit notes.

To enable this to take place, I believe central banks will need to release some of the covert features they are currently using for authentication to these commercial operations in a controlled manner.

However, central banks will still require their own unique covert features to ensure they can continue to function as the authenticator of last resort. Consequently, we need a new generation of covert authentication features.

It is a fundamental requirement of banknotes that they have a high degree of protection. Failure to protect against counterfeiting undermines the public’s faith in cash. Public perception is a critical factor but, at present, counterfeiting rates remain low. Based on recent Europol statistics, currency counterfeiting remains less prevalent than other forms of payment crime, such as card fraud.

However, in the last 15 years there has been a major shift in the predominant methods for producing counterfeits. The development of colour copiers in the 1980s meant it was no longer necessary to have specialist art skills to produce a reasonable counterfeit, although the equipment required was still relatively rare.

But the development of low-cost, relatively high-quality desktop scanners and inkjet printers, in combination with PCs, from the mid-1990s, means a reasonable counterfeiting tool is now available in many households.

The response of banknote producers to this threat has evolved along two main axes. One is the use of colour-shifting materials or inks, which produce some kind of colour-shift effect as the angle of viewing is changed, or the use of...
diffractive devices, such as holograms. Both of these broad types of feature have been developed in a variety of formats and, during the late-1990s, there was widespread adoption of these features on currencies.

In the same way that the banknote producers responded to the counterfeiting threat during the 1990s, the counterfeiter is now responding to the introduction of latest security features.

We have seen a steady growth in what might be termed “compound” counterfeits. These tend to use digital methods, such as inkjet printing, to reproduce the general appearance of the note, but then add further methods to try to simulate some of the new features. The good news is that the counterfeiter is being forced to do more work. The bad news is that the counterfeits may be more deceptive to the public. Thus, the challenge for banknote producers is to respond to the changing threat and ensure the continued security of banknotes.

Part of the response to this threat lies in public education. With guidance, most people can successfully differentiate counterfeits from genuine notes. I think we will also see the continuing development of colour-shifting and diffractive devices, probably in formats which are cheaper and more durable.

However, it is difficult to envisage what other purely optical effects could be employed to develop new features and, consequently, it seems wise to investigate the possibility of using other human senses to produce new public-recognition features. The sense of touch has always been an important mechanism for verifying banknotes. New technological developments suggest it may be possible to enhance its use in banknotes.

Another, more radical response is to try to prevent the PC and related equipment from producing counterfeits in the first place. Again, there is a number of routes by which this may be achieved and De La Rue has developed one approach in conjunction with a major printer driver-software developer, Software 2000.

This uses technology which recognises the distinct design characteristics contained in most banknotes, and which separate them from the vast majority of legitimate documents. The system interrogates the image and can prevent the printing out of attempts at counterfeiting banknotes.

The challenge in developing these types of defences lies not so much in the technology as in persuading the PC hardware and software industries to adopt them, given that they are themselves operating in a highly competitive market.

The legal issues, including privacy laws, also impact on this area. It would be desirable to have a range of different solutions to provide the type of layered defence used in other aspects of banknote specification, such as for public recognition and machine-readable features.

Overall, I believe cash has a strong future based on its fundamental attributes, but it is important to ensure that those attributes remain effective.

We need to ensure the cash cycle in which the currency circulates remains efficient for all users. We need to recognise the counterfeiter in responding to the latest colour-shifting and diffractive devices, and to work on further developments of those features.

In addition, some lateral thinking is required on alternative approaches to help the public differentiate genuine from counterfeit. And there is an opportunity to make life more difficult for counterfeiters by enabling the equipment they employ to recognise counterfeiting attempts and help prevent them.

In 1977, a major US research institute predicted that by 1980, credit cards would be extinct because losses to issuers would overwhelm the industry.

Forecasting is indeed a perilous business.

The good news is that the counterfeiter is being forced to do more work.

Turn to page 24 to find out how De La Rue has joined forces with software manufacturers to fight the fraudsters.
Dealing down under

In this five-page special, Exchange examines how De La Rue helped two very different clients respond to the Reserve Bank of Australia’s changes in its cash distribution policies. First, how cash-predicting software helped St George, Australia’s fifth-largest bank.
The accurate prediction of cash needs became essential.

All banks need to make optimum use of the funds they carry. They maintain a delicate balance between having enough cash available at branches and through automated teller machines (ATM) to meet customer demand and investing the maximum amount possible in the markets to ensure profitability.

To make sure enough cash is available requires a thorough knowledge of demand patterns across the banks’ network. Stock levels can then be planned, and maintained by transporting cash to where it is needed in a timely fashion. St George, the fifth-largest bank in Australia, employed software technology to make this process more efficient and cost effective, but a major change to the Australian banking business led the company to look for a more advanced solution.

Until late in 2001, the Reserve Bank of Australia maintained cash depots in strategic locations across the continent, providing banks with a heavily subsidised supply of cash. When this was withdrawn, banks were left to organise their own cash sourcing at much greater cost. The enormous geographical distances involved meant that accurate prediction of cash needs became essential, for banks to avoid prohibitive transport costs.

The cash pool – the amount of cash in circulation – dramatically increased as the uncertainty and logistical difficulties of this situation were resolved. The cost of owning money increased, due to lost opportunities for investment. For the Australian banks to increase their profitability, they needed a software application that could assist them in accurately predicting their cash needs.

St George decided to work with a dedicated cash carrier which would fulfil the role previously taken by the reserve bank in supplying cash to branches and ATMs. The company also took the opportunity to update its software technology, to keep costs to a minimum while keeping availability of cash at an optimum level. To achieve this the bank upgraded its existing software to Prognis™ – an expert forecasting system provided by De La Rue’s Currency Systems International (CSI) business.

Prognis produces accurate forecasts for day-to-day cash requirements and long-term forecasts required for future planning and negotiation of cash in transit and cash supply contracts. The forecasts are based on each bank or ATM location’s own historical demand patterns to minimise the amount of “dead money” held in the delivery cycle.

“Prognis is our crystal ball – it forecasts what we’ll need,” said Steve Power, project manager for St George. “The banks’ main reasons for choosing an automated system are that it reduces costs incurred by having too much money in the system and predicts the optimal number of cash deliveries for each ATM and branch. Since Prognis was implemented in June this year we have already seen cash savings in both of these areas, amounting to approximately $Au 1 million.”

The system predicts the demand and location of cash within the cash cycle, in such detail that it enables management of the costs of holding stock, transport costs, physical handling costs and the risks of running out of cash.

“It is a crucial system because it manages our bread and butter – our reputation rests on having cash available to our customers when and where they need it,” said Power.

The database is updated overnight so that Prognis can monitor actual withdrawals from any site on the network against those predicted. Any deviation identified is used to dynamically adjust its rolling forecasts. If for any reason a technical problem prevents updating, Prognis has ‘fail safe’ intelligence using its rolling forecast to calculate the probable balance and generate orders.

“The system monitors cash requirements and also adjusts for seasonal trends such as Christmas and Easter, when cash needs are greater. It can apply all the different variables required to ensure adequate supply, and removes the need for manual calculations,” said Power.

“Another important feature is the ability to produce simulations for forecast purposes. We can experiment with ways to make our network more efficient – for example by increasing the amount of cash held in an ATM – and the system will tell us if this will produce a saving. All of this modelling takes place without making any physical changes to the network, until we’re sure of the benefits.

Prognis helps banks predict cash usage and hold optimum stocks of bank notes

Prognis™ is a trademark of De La Rue International Limited.
“The system is also extremely flexible and user-friendly. Staff can be resistant to using new systems, but very little training was needed with Prognis and everyone is very positive about it because it’s clear and easy to use,” said Power.

He is convinced that the support of CSI personnel during the implementation period was key to the smooth handover from the previous software to Prognis. At the time of the upgrade, St George lost some key personnel from its Cash Management team based in Sydney – resulting in a steep learning curve for those who managed the implementation.

“Because of the loss of some of our skills base, the implementation period was extended and CSI provided us with valuable support – it’s safe to say we wouldn’t have managed without it. For such an important and major system, the handover to Prognis was relatively trouble-free and still took only two weeks to complete.”

CSI now provides technical support to St George to enable the bank to get the very best from its new software. The partnership will continue as St George makes full use of Prognis’ ability to manage cash needs for the bank’s 1,000 branches across Australia. “So far we have concentrated on cash management for our branch and remote ATMs – about 1,500 in total – now we’re moving on to analysing the needs of our branches,” said Power. “This is more complex because it involves training and change management for the staff involved, but based on what we have saved using Prognis so far, we can see great benefits to extending its use in this way.”
The Reserve Bank of Australia’s withdrawal from supplying cash to other banks in 2001 created a major challenge for the Australian banking business. The banks were looking for suppliers which could process their cash quickly, and transport it efficiently at competitive rates.

Although this was a headache for the banks, it was a significant opportunity for Cash In Transit (CIT) operators. CITs are specialist operators that store, process and deliver cash to banks and major retailers. Suddenly the market had doubled, and Chubb Security Services – the second-largest operator in Australia – was keen to take advantage.

Chubb’s aim was to invest in technology which would give added value to its clients. The company undertook an integrated cash automation project – updating its cash-processing systems to reduce costs and increase productivity. The expansion of the cash transit market was an ideal time to make these improvements and gain significant business.

“Chubb wanted to automate as much of its cash processing and management as possible,” said Dennis Cullen, national cash services manager for Chubb (left). “The original system at our cash centres involved traditional cashier-based counting. Obviously this was time consuming and prone to error – there were also security issues.

Chubb was looking for high-speed cash-processing machinery and a software vault-management system to provide the entire cash-management function."

Cullen has been involved in the project from the start – evaluating suppliers, equipment and software to find the right combination to meet Chubb’s needs. “We were unable to find one supplier who could provide exactly what we needed – hardware, software and the ability to fully integrate them. Then we looked at the CPS range of hardware supplied by De La Rue Cash Systems. We also found that another part of the company, Currency Systems International (CSI) offered the best support and was most able to adapt to our complex needs.”

Chubb chose high-speed cash-processing equipment from the Currency Processing System (CPS) range – buying one CPS 750 for each of its centres in Brisbane and Melbourne, and two CPS 750s for its main cash centre in Sydney. The machines offer speed, reliability and flexibility and are designed to integrate with the Maestro Vault-management system, developed by CSI to provide Automated Commercial Deposit Processing (ACDP) – the total cash management it required. “Maestro-ACDP offered a combination of high-speed cash processing with customer
information and the ability to process all cash in the cash room—just what we were looking for,” said Cullen. “The CPS machines are connected directly into Maestro, which cuts out a tremendous amount of manual record keeping and avoids the duplication we had under the old system.”

Now, instead of cashiers registering deposits, preparing cash for counting and using desktop counting equipment to process cash, the CPS 750s form part of a “production line” where most functions are carried out automatically, overseen by a series of different staff.

Barcoded deposits are scanned in on arrival, prior to sorting and counting on the CPS transport. A cash inventory by denomination is maintained automatically at each counting location and the Maestro system performs cash balancing for each user and area—automatically picking up on any discrepancies. The fact that different staff are involved throughout the process provides added security by segregating the responsibility for each function.

Cullen said transparency of the system was one of its strong points. “The use of barcode scanning for cash deposits means we can easily track a customer deposit from the moment it is received at the loading bay, through transfer and content verification. We can also check on the status of a transit customer order, and know that the information is accurate and up-to-date.”

Chubb operates a network of 20 cash centres across Australia—one in each state capital and others in key regional centres—and required a software system that was scalable and adaptable to link all of its sites. Maestro fulfilled this criteria and also appealed to Chubb because it allowed for significant expansion of its business.

“The new system is faster and increases our capacity to process cash—we can process larger amounts without physically expanding our cash centres. This brings Chubb cost savings that we can pass on to the customer, and that makes us more competitive in the CIT market,” said Cullen.

Chubb worked in partnership with CSI to develop the use of Maestro-ACDP for banking customers. “We needed its expertise to get the best practice in cash management from around the world,” said Cullen. “CSI used our help to adapt its product to the banking industry.”

“By bringing our deposit processing up-to-date, we are now working on the ‘cash out’ phase of the system. This completes the product and allows us to provide customers with a total cash-management service. Chubb’s experience of Maestro-ACDP, supported by De La Rue, has proved that automated cash processing and vault management is definitely the way of the future,” said Cullen.
Banking giant Halifax Bank of Scotland (HBOS) is turning its back on recent industry trends – and is now concentrating investment on improving its branches to offer a more personalised service.
It’s the classic conundrum for banks – how to get the right mix of people and automation in their branches. Halifax Bank of Scotland (HBOS), Britain’s largest commercial bank, is bucking the trend by investing in branches and offering customers more than a machine for their banking needs.

For Nigel Bascombe, head of Retail Network development at HBOS, finding the right mix of automation and face-to-face sales and service is a crucial part of the bank’s strategy. “Both Bank of Scotland and Halifax have been long committed to investing in their branch networks,” he said. “We see ourselves very much as retailers and we know that people want to deal with people – particularly for complex financial issues.

Consequently, we want our branches to be open and friendly – as far from the traditional image of glass screens and mahogany desks as possible.” It’s software which allows Nigel to achieve that vision. “Back in the early 1990s, Bank of Scotland invested in teller cash dispensers (TCD) as a way of engaging with customers and serving them efficiently. It’s a vital strand of our strategy of investing in branches and giving customers the best possible service,” he said.

“TCDs allow us to create a truly open banking environment. There are no screens, so we can be as close to our customers as possible. That really helps us build relationships with them.” This, he pointed out, was significant, not only in big cities but also in smaller towns and remote communities where the Bank of Scotland was often an integral part of the community.

And with more than 1,000 branches in the HBOS network and over 3,500 Automated Teller Machines (ATM), that’s a strong investment in branches.

“TCDs allow us to be very efficient – we can tell and sell from the same desk at the same time and that supports our underlying philosophy,” said Nigel. It also means that bank staff can now be multi-skilled allowing them to move away from the traditional counter role to become advisers.

“TCDs are a crucial element of the way we do business. They are secure and support widespread automation of cash handling. I think that’s proved to be a major factor in our colleagues’ advocacy of them,” said Nigel.

With a heritage spanning more than 300 years, building on the Bank of Scotland brand is a

Remote possibilities

You can find an HBOS branch on most high streets, but how does the company manage its branch network in remote locations?

The bank’s network of more than 1,000 branches ranges from large city centres to small part-time offices on remote Scottish islands. Indeed, one of Bank of Scotland’s most successful branches can be found on the Shetland Islands.

Automation has actually helped the bank provide a more efficient and personal service for customers off the beaten track. For security purposes, branches need a minimum of staff working in them and that is not always possible, not to mention uneconomical.

The solution is to upgrade those remote branches to full automation so customers have access to machines for simple banking transactions around the clock. A member of staff, who has no access to the cash on site, is able to visit the branch once or twice a week, effectively providing a financial service clinic for customers.

An alternative offer for customers is a fleet of mobile vans serving 118 remote rural communities. The vans stop in small villages once or twice a week – providing Bank of Scotland with a vital presence in its heartland.
core part of the bank’s strategy. “We are aware of the negative perceptions of banking and investment in the consumer sector at the moment and consequently, the bank aligns itself strongly as a consumer champion. Being able to talk to customers in an open environment plays a large part in reinforcing that message,” said Nigel.

“But we are also aware that increasing numbers of customers also want the convenience of telephone and Internet banking, and who are we to tell customers how they should bank.”

The solution, according to Nigel, is to give customers options and then educate them in how and when to best use them. Machines are ideal for simple transactions. They are fast and they are available 24 hours – just what many customers need. But you can’t beat face-to-face service for more complex issues.

“We need to sell new products to new and existing customers and we can’t do that without people,” said Nigel. “If we took the people out of our branches, we would never see any customers and we never understand what they need. Money is a serious business and a lot of people are looking to us for advice and reassurance – we can’t do that unless we talk.”

That’s why Nigel believes the branch network has a great future ahead of it. “Branches have been living under the shadow of the dot.com soothsayers for years now. In the mid-1990s the Internet was the holy grail but now the bubble has burst we can see that more flexible choices are the answer.

Multiple channels are undoubtedly the way forward. A massive 70 per cent or more of our customer base sees the branch as the primary way of doing business. While they also need to be able to do simple transactions over the phone or on the Internet, we mustn’t move forward so fast that customers can’t catch up.

“Our challenge is in ensuring we continue to be open where and when customers find it convenient to do business with us. We tried an experiment of opening at 8am so people could come into our branches before work, as it turned out, it was a bit too early for most customers, but we have to continue to experiment.”

And technology has a key part to play in helping HBOS achieve its strategy. “We are looking for highly reliable self-service and automated equipment that’s truly customer friendly and available 24 hours. We need machines in various forms in different scales and sizes so we can adapt our retail space for small and large branches. TCDs are a key part of helping us realise our strategy of breaking down barriers with our customers.

“The quality and integrity of products is paramount and it’s crucial that suppliers are driven by the same things that drive us. It’s very easy for technology companies to deliver technology and equipment that’s clever, but not necessarily useful. They should not be driven by the product but should be able to adapt it to our needs. That’s why we chose De La Rue as our TCD supplier.”
The well-publicised, confusing and protracted US presidential elections held at the end of 2000 caused considerable embarrassment in a country which has always prided itself on being “the land of the free”.

But following problems with counting the votes, with the State of Florida in particular finding itself under the glaring gaze of the world, many were left wondering if the newly installed, most powerful politician in the western world actually had the people’s mandate to do the job.

Following the election, arguments raged as to the final result to determine who would be named president – Al Gore or George Bush – was held off for three weeks for the first time in American history, in the closest election result since John F Kennedy beat Richard Nixon in 1960.

It was obvious improvements to the election process were urgently required, and in the weeks following the Bush victory, several states – namely Florida, Georgia and California – acted quickly to tackle reform, while hoping that the federal government would initiate improvements and provide financial backing.

During the 2001 and 2002 budget years, the State of Florida spent $32 million upgrading voting equipment. Their neighbours to the north in Georgia spent $54 million, and California recently allocated $200 million for election technology improvements. Local governments in each of these states have also allocated hundreds of millions of dollars to election modernisation.

The federal government debated the reforms for more than 12 months and, in October 2002, Congress approved a comprehensive reform package which was signed into law by President Bush just days later.

The United States prides itself on being truly democratic, but outdated voting systems have led to questionable results in recent elections. Could electronic voting be the answer?
States will now face a number of new requirements to improve technology – both inside polling stations and offices of state and county election administrators. The federal government has allocated $3.86bn over the next four years to fund the upgrades.

The most scrutinised jurisdiction in the nation during those uncertain weeks in November 2000 was Palm Beach County, Florida, where counting delays, disagreements and countless court depositions demanding and opposing recounts resulted in utter chaos for the Bush and Gore camps.

The county has since elected to replace its outdated and – in hindsight – troublesome punch-card system with touch-screen voting machines provided by Sequoia Voting Systems Inc, a US voting systems company recently acquired by De La Rue.

In November 2000, while election officials in the Sunshine State were agonising over whether a ballot using scrappy bits of inconclusively punched paper (chads) should be counted, voters 3,000 miles away in Riverside County, California, were enjoying their status as the largest jurisdiction (634,000 registered voters) in the country to use touch-screen voting.

Election officials in Riverside were able to tally the votes cast on Sequoia’s AVC Edge without any of the ambiguities or debate experienced by Florida colleagues.

The touch-screen equipment provides numerous technological advances over the 40-year-old punch-card voting systems which left many observers doubting the results from the 2000 presidential election.

To improve the voting experience and ensure certainty in ballot tabulation, several US states and counties are deploying these touch-screen computers which use an interface similar to those found on automated teller machines to provide ballotin an easy-to-read and simple-to-mark format.

The computers are activated through the use of a single-use smartcard provided to the voter by election officials.

Once the ballot is activated by inserting the card in the machine, voters simply touch the name of their chosen candidates.

When a selection is made, the voter’s choice is immediately highlighted and a check mark appears next to the candidate’s name to provide verification that the voter’s selection is being accurately recorded.

The machines are also programmed to remind voters when they miss a contest and to prevent them from nullifying their ballot by making too many selections for a given race.

At the end of the ballot, voters are able to review all their selections to ensure accuracy before they officially submit their ballot. At this point, they can return to any contest and change their selection.

In addition to improving the ballot-marking experience for voters, touch screens make the job of the poll workers easier. At the close of polls, workers no longer have to hand-count paper ballots over and over until they get the exact total twice. The tedious paperwork has gone, replaced by machine-generated summary totals which automatically print when the poll worker turns the switch to “close polls”.

In addition, the totally electronic voting
machines provide numerous advantages for election administrators. The computers are able to accommodate multiple languages and thousands of different ballot types for each jurisdiction, and they can be equipped to serve the unique needs of disabled and visually impaired voters.

The election night tally of votes is completed electronically and concluded in a fraction of the time it takes to run punch-card ballots through multiple-card readers – without the ambiguities created with the punch-card ballots.

With more than 35,000 touch-screen and other electronic voting machines in use across the United States, Sequoia is one of the country’s leading suppliers of modern voting technology.

The company offers hardware products in all major segments of the North American elections market, including direct-recording electronic and optical-scan voting systems.

And the market is growing fast. In November 2000, 650,000 registered voters in the US cast ballots on touch-screen systems. Just two years later during the recent November 2002 mid-term elections, more than 11.5 million registered voters had access to touch-screen systems provided by three different suppliers.

Recent evaluations of the technology have been positive, although several newcomers to the marketplace experienced technological and procedural problems during their debuts in the recently concluded 5 November general elections. Overall, however, the media and public review of the technology has been largely favourable.

This is in sharp contrast to the public perception, just two months earlier, when party primary elections using a new touch-screen system in the populous South Florida counties of Miami-Dade and Broward were marred by technological glitches, errors by poorly trained poll workers, and delayed poll openings.

The problems with the new electronic voting systems prompted many to question whether modern systems were any better than the decades-old paper ballots.

But according to Peter Cosgrove, Sequoia’s CEO, his company was different from its competitors because its electronic voting systems had been in use for numerous election cycles.

“We have designed and refined our voting solutions to minimise poll worker involvement and to maximise ease of use for both workers and voters – regardless of their level of computer expertise.

“In all the years we have been conducting elections, Sequoia has never lost or misallocated votes – a claim our rivals cannot truthfully make.”

Recently enacted federal legislation requires that at least one voting machine in every precinct be accessible for voters with disabilities—a criteria uniquely suited to computerised balloting.

Additionally, a high proportion of central count, optical-scan equipment—about 15 per cent of the market—is also due for replacement.

The Federal Elections Commission and the National Association of State Election Directors have recently concluded from several studies on Internet voting that, “Controls cannot be developed at the present time to make remote Internet voting sufficiently risk-resistant to be used confidently by election officials and the voting public.”

This leaves the latest generation of automated voting solutions as the way forward for some time to come.
John Winchcombe, De La Rue’s marketing manager, Currency, investigates how computer software can help curtail home counterfeiting The world’s central banks are having to deal with an increasing number of counterfeit banknotes, generated by colour inkjet printers. The market for home computers, scanning and printing equipment is growing rapidly, and the capabilities of the latest technology have developed to the point where anyone can recreate photographic-quality images quickly and simply. Although each counterfeit attempt generates relatively few actual forgeries, the number of people willing to take the risk has increased significantly. In addition, the age of the would-be counterfeiters is relatively young, which has serious social implications. At one time, home counterfeiting was regarded as just a nuisance. But when a large enough number of people try to pass counterfeits, what was a nuisance can become serious. The banknote industry has responded by offering an increased range of optically variable devices so that the casual counterfeiter, often a teenager at home or young undergraduate at university, has to make more effort to produce a counterfeit good enough to be offered for exchange. The use of wider security threads, holograms, patches and stripes, iridescence, colour-changing inks, UV inks, special anti-digifecting printed features - Digifect™ - and machine-readable security features have all increased considerably in recent times. The result has been to ensure that most home-produced counterfeits are easily detected, but not sufficiently so to stop people “having a go”. There is, though, a different approach - one of prevention rather than exposure. The challenge of prevention has been tackled from two angles. Either one can look for special marks contained in the notes, or try to identify secure documents from the general appearance of designs used in such documents. The first approach is based on machines...
looking for special marks. When these are found, software stops processing the image. This avenue is similar to that taken in the 1980s to curtail the problem created by colour copiers.

However, De La Rue is tackling the problem from another angle and has developed a unique solution based around printing out the document. Every computer printer has software which controls the printing operation. This is the printer-driver software. De La Rue has now joined forces with the world’s leading printer-driver software writer, Software 2000 (www.software2000.com), to embed a De La Rue software code into printer drivers which seeks out security-printed images, recognises them and stops the printing process.

This approach has a number of benefits:
• It works on banknotes in circulation today, without requiring a special printing process or mark.
• It will work on most security-printed documents, not just banknotes. Travellers’ cheques, cheques and passports, etc, may also be protected, depending on their design.
• It catches the counterfeit attempt at the last moment of production, whether the image was imported by scanner, digital camera or from the Internet.

Software code seeks out security printed images and stops the printing process.
around 40 per cent of users upload from Internet upgrades to their printer driver. This allows such software to be introduced to printers already in the marketplace.

It is difficult to work around because it is embedded in the source code of the printer driver.

De La Rue has tested the software extensively, both internally and externally, and the software is now fully developed. Its banknote-detection rate is excellent and consistent.

The measure has also passed the industry standard test – Microsoft WHQL – for printer-driver performance, producing a range of images accurately, successfully and to the required standard.

It has also been demonstrated to achieve the speed of printing required by the printer-driver industry, and is also effective for colour laser printers and digital printing presses, although no work to bring these versions to market has yet been undertaken.

The challenge for any solution to the counterfeit problem is to be adopted. For De La Rue, this means obtaining the backing of printer Original Equipment Manufacturers (OEMs).

In the 1980s, central banks, treasuries and police forces across the world were able to convince colour copier manufacturers of the need and urgency to protect their products from being used to counterfeit banknotes. And eventually, they achieved considerable success.

Extensive work has now been carried out with OEMs to brief them on the need and urgency for co-operation to implement an effective solution to home counterfeiting.

To date it appears that the success achieved in the 1980s has not been replicated with the printer OEMs. There appears to be a little appreciation of the nature of the problem – and even less sense of urgency.

As with traditional banknote defences, it is unlikely that a single solution alone is the answer to the problem. Defence in depth, as demonstrated by the array of security features on today’s banknotes, is the best defence.

Ideally, central banks, treasuries and the police should be requiring printer OEMs to act responsibly to ensure their products do not make counterfeiting easy. Whether or not OEMs manufacture in that country, it is reasonable for those responsible for banknotes to seek reassurances that the companies will play their part.

At last there are credible products on the market. Perhaps, at last, this is the time for the central banks, suppliers and OEMs to work together.

Defence in depth is the best defence for banknotes.
The fashions for credit card designs are moving away from mere gold or platinum versions. In the US different shaped cards are appearing – a trend Europeans are bound to adopt.

In the competitive world of banking and payment cards, design has become the latest weapon in the battle for “wallet space”. While gold and platinum-coloured cards have been the traditional status symbols in the plastic stakes, the most desirable cards now are increasingly likely to be tinted, translucent or even transparent.

And who says plastic cards have to be rectangular? Discover2Go, part of Morgan Stanley Bank, has exploded this practice with the launch in the US of a card which is almost pear shaped and folds away, like a penknife, into a key fob.

“The fashion for cards with different designs has been emerging in the US and, to a lesser extent, Asia, over the last 12 months. It is now beginning to catch on in Europe,” said Jean-Denis Martin, head of marketing for De La Rue Global Services in the UK.

“The theory is that if people are comfortable with, and proud of these ‘designer’ cards, then they will want to use them more frequently and in preference to any of their other cards,” he explained.

US consumers tend to hold about eight plastic cards each at any one time in their wallet so there is an obvious advantage for cards to be visually striking and stand out in the crowd. Europeans tend to limit themselves to three or four cards and these are most likely to be gold or silver-looking, with the rest of the design taken up in generic branding.

The new Nectar loyalty card, launched in the UK by Sainsbury’s, Debenhams, BP and Barclaycard in September this year is purple with a gold splash, yet it still looks fairly conventional. However, the European card market is maturing...
Card issuers have the opportunity to win by considering the design of their cards. As competition increases, so too will the need for cards to achieve more obvious differentiation.

“It is becoming far more difficult for issuers to market their cards by traditional means since most now offer such similar interest rates, payment schemes, cash-back offers and so on. They are constantly looking for new ways by which to compete – and design is an obvious avenue,” continued Martin. “Card issuers have the opportunity to win and/or retain market share simply by considering the design of their cards and building-in differentiating elements specific to their targeted segments,” he said.

“The trend among go-ahead issuers in the US is to launch cards with really eye-catching and, in some cases, quite revolutionary designs. Through these cards issuers can not only boost usage but develop an image and reinforce branding,” Martin continued.

While Discover2Go, with its key-fob card, is probably at the extreme of these design-led initiatives, Bank of America is about to issue a new mini-card in the US which measures just 1.5ins x 2.5ins, half the normal size. In Asia, meanwhile, Mastercard has launched genX which has a curved side and is translucent.

On the colours front now, almost anything goes. American Express unveiled its Amex Blue card in the US. This is made of translucent, blue-tinted plastic with a mirror effect while the US online retailer Target offers a Visa card with a shiny, full-face diffractive laminated pattern.

This new generation of cards is also utilising smart-chip technology. As micro-chips replace the traditional magnetic strips, card issuers are able to store far more information on the cards than ever before. Target, for example, enables users to plug their cards into a “smart reader” to access exclusive offers and its gift catalogue and promise “more cool features to come”.

As yet, most UK issuers continue to sell themselves primarily on their quirky names – Goldfish, Egg, Smile, Cahoot – rather than on the design of their cards. “Goldfish comes closest to making a fashion-statement, offering its customers a choice of five Mastercard and two Visa card designs, but the appetite in Europe for more exciting cards is increasing,” Martin claimed.

This trend is supported by the development of new materials, products, treatments and technologies for card production. De La Rue at the forefront of hologram design and manufacture recognises that holograms are increasingly regarded as branding tools and design elements, as well as security features.

“Holographic foil can be used to cover the whole card, it can be ‘demetalised’ and applied on translucent cards, or can incorporate many diffractive effects,” said Martin. “Holograms have many applications and we can be as flexible and creative as our client wants us to be.

“De La Rue helped the launch of payment cards in the 1980s with the Association for Payment Clearing Services £100/£200 hologram and then in the mid-1990s with the Visa hologram offering a security and public recognition feature, and is now very well placed to offer card issuers with new differentiating and branding tools to help them compete in their market,” said Martin.

Plastic cards are fast becoming funky and fun and, now the momentum has begun, little is likely to stop the explosion in Europe of cards with crazy names, in crazy colours and crazy shapes.
Case study

DEALING WITH OLD MONEY

Building partnerships

Exchange talks to Don Luis Reyes Abreu, director of the Treasury Department of the Banco Central de la República Dominicana, about how working together allows better solutions to a range of problems.

Q What should be the relationship between buyer and supplier?
A In 2001 we bought banknotes from De La Rue Currency on the basis of a formal tender. Today, our relationship is much closer to being a partnership than a buyer/seller contractual relationship. We have moved to this position because De La Rue Currency has clearly worked at understanding our needs and offering appropriate solutions. In 2001 we faced a particular need for more durable banknotes in the face of our harsh circulation environment. De La Rue Currency offered both simple and sophisticated answers.

Since then, De La Rue has gone on to help us with other areas where we have faced challenges. They are helped, of course, by having other parts of their business, particularly Cash Systems International (CSI), on which to call.

Q Couldn’t you have got these “solutions” through more formal and arms-length relationships with suppliers?
A Perhaps yes, eventually, but at what cost in terms of time, money and effort? De La Rue Currency has had a long relationship with us over many years even when not our banknote printer.
Their understanding has resulted in simple solutions, such as using colour tinted paper to assist with enhancing durability of banknotes against the effects of soiling, and more complex approaches such as using Platinum™ paper. Currency Consulting International (CCI) has provided the best solutions to our problems in note handling and note destruction. Whether with De La Rue Currency or later with CCI and CSI, I think working together within a genuinely close relationship has been the key to producing sensible, robust answers.

Q What area are you working with De La Rue most closely on at the moment?
A Our relationship with De La Rue Currency continues to be close. We are now working both with De La Rue Currency and also with CCI and CSI on what to do with our old banknotes which have been withdrawn from circulation. We currently have a specific problem in this area.

Q What is the problem?
A For more than 10 years a huge backlog of banknotes has accumulated in the central bank’s vaults. This situation had come about because of a lack of technological and human resources to manually deal with this huge stockpile.

Q What other solutions had been tried or considered before De La Rue was approached?
A Other international companies were asked to provide solutions. Consideration was also given to resolving the problem using internal resources and personnel, employing the services of Kusters and CPS-1500 machines.

Q How did De La Rue approach the problem and what was its solution?
A De La Rue conducted a professional study in which it recommended complete automation of banknote processing, remodelling the physical areas, changing processes and procedures, training personnel who would work with the banknote-processing machines and improved working conditions for employees in each department.

Q How did you deal with unsorted banknotes, withdrawn notes and those awaiting destruction, and what machines were used?
A At the beginning of this year, there were 178,552,369 banknotes which need to be dealt with. Included in this total was a backlog of 6,443,300 banknotes for processing or classification into groups which were suitable—or unsuitable—for further use. This was one of the reasons for purchasing the CPS 1800 machines and leasing the CPS 1500. The central bank did not have the physical, technological or human resources to cover day-to-day processing of the banknotes.

Q Can you give facts and figures regarding the speed and efficiency of the operations De La Rue set up?
The machines which were purchased by the bank have proved to be a great success. Less time is needed to process the staggering number of banknotes received each day by the commercial banks. Meanwhile, the CPS-1800 has an effective processing capacity of 1,620 banknotes a minute – around 1,500,000 banknotes of different denominations are received daily. By using both the CPS-1500 and Kusters machines it is possible to destroy a huge quantity of banknotes very quickly.

Q How long do you think it will take to completely resolve the backlog of banknotes for destruction?
A Between one year and 18 months.

Q Once the backlog problem has been overcome, what volume and value of banknotes will require removal from circulation and destruction annually?
A We estimate between 60 and 70 million banknotes each year.

Q How is De La Rue helping with this disposal?
A Following studies carried out by De La Rue, it was recommended we purchase two Kuster online destruction machines with their respective shredders built into the CPS machines.

Q Why and when did the bank decide to use De La Rue for the production of new banknotes?
A In 2002, based on the company’s obvious experience and attention to quality, the bank decided to employ the services of De La Rue. On previous occasions, De La Rue had manufactured banknotes on our behalf, and in general, it complied with all our requirements.

Q What tasks are covered by the vault-management Maestro™ software supplied by De La Rue, and why did you choose this solution?
A This product offers a complete automation process and systematisation for processing banknotes, as well as being flexible enough to manage the inventory of banknote stocks. It also provides us with reliable and timely statistical information. Another reason has been to take advantage of Optical Character Recognition (OCR) technology and the capability of measuring the working life of the banknotes so we can monitor the situation more closely and plan accordingly.

Q Can you explain why the bank has increasingly chosen De La Rue as its partner, both in terms of service and expertise and value for money?
A We chose De La Rue for its efficiency, and the quality of the services it could offer. Its staff always offer an integrated solution to resolve problems and they provide continuous monitoring of all processes and services currently in use.

Maestro™ is a trademark of Currency Systems International Limited