

AKBANK, TURKEY CASE STUDY

Discover how Akbank reduced their cost of cash, increased ATM availability and enhanced customer service.

"Akbank's customers expect our ATMs to be able to dispense cash whenever and wherever they need it. It's crucial we meet their expectations as efficiently as possible. NCR OptiCash is a solution that's helping us do that every day."

- Mrs Firdevs Sismanlar, Delivery Channels Management Manager, Akbank

For more information, visit ncr.com, or email services.financial@ncr.com.



AKBANK



THE CUSTOMER

With a consolidated asset size of USD 91 billion, strong and extensive national distribution network comprising over 960 branches and around 16,600 employees, Akbank is one of the most valuable companies in Turkey in terms of its market capitalisation. Akbank is also “the Most Valuable Banking Brand in Turkey” according to the “Brand Finance - Banking 500, 2013” report for the second consecutive year.

In addition to its core banking activities, Akbank offers a wide range of corporate, commercial and SME, consumer and private banking services as well as foreign trade financing. The bank conducts overseas operations through its subsidiaries in Germany (Akbank AG) and Dubai (Akbank Dubai Limited) along with a branch in Malta.

Akbank’s robust capital, low leverage, high level of liquidity and effective risk management policy constitute its pillars of strength and support the Bank’s profitable growth. Akbank’s local subsidiaries are Ak Securities, Ak Asset Management and Ak Lease.

The forward- thinking management, change and growth strategy implemented throughout Akbank’s “New Horizons Restructuring Program” post-2001 crisis, not only outlined Akbank as a bank that managed to grow during the years of crisis but also positioned the bank as a lecture topic and a reference success story on how to manage through crisis. Akbank’s success story became a Harvard Case Study in 2009.

Akbank continues to lead the Turkish banking sector through innovative solutions it launches. The bank’s pioneering initiatives include Mobile Loans, Web Loans, SMS Loans and Send Money service as well as

other applications that mark the firsts in the Turkish banking sector. Having brought online banking to Turkey, Akbank Direkt, the bank’s digital offering, continues its commitment to breaking new ground.

Since its inception, Akbank continuously reviews and upgrades its operations and business processes to ensure the sustainability of its stakeholder’s welfare. Implementing its corporate social responsibility activities to create sustainable value, Akbank significantly contributes to the further progress of the society through the diverse projects such as culture&arts, education, entrepreneurship and environment which it undertakes and supports.

THE CHALLENGE

Akbank’s fleet of over 4050 ATMs is a vital component of its customer service offering. With transactions increasingly migrating from the teller line to the sophisticated ATM channel, the bank required a robust cash management solution to reduce costs and maintain a 24h/7day cash service.

Historically, cash replenishment across Akbank’s ATM network had lacked a systematic solution. There was limited forecasting of cash usage per ATM, and no system was in place to optimize replenishment runs. Replenishment decisions were being made solely on subjective staff initiative, and the bank had experienced high out-of-cash percentages across its ATM network.

Worldwide, typical cash-out occurrences cost banks an estimated \$400 USD per ATM per occurrence, a threat



and cost Akbank acknowledged and wanted to mitigate. Aside from lost revenue, the consequent service disruption due to undersupply was potentially damaging to the bank's reputation and risked customer retention.

But without a reliable cash management solution, striking an accurate balance between oversupply and undersupply at the ATM was almost impossible. This was a significant problem for a bank managing 2 billion Turkish Lira (\$1 billion USD) across its fleet of cash points. Despite Akbank operating its own replenishment group, frequent cash deliveries resulted in long handling times and high operational costs; and having large amounts of money in transit meant the bank was missing out on potential investment opportunities.

Reducing cash outages and enhancing replenishment processes would deliver competitive advantage, lower costs, and present opportunities for higher revenue. Having recognized the challenges, and identified the business benefits, Akbank approached NCR to find a solution.

THE SOLUTION

Akbank's commitment to increasing ATM availability and reducing costs would require a state-of-the-art cash management solution. After listening to the bank's specific requirements, NCR recommended OptiCash.

This advanced cash forecasting and optimization solution would meet all of Akbank's challenges, guiding and maintaining appropriate cash delivery at the lowest possible cost. Balancing availability and demand, OptiCash would evolve the cash supply chain, reducing expenditure and maximizing revenue.

OptiCash utilizes historical demand, event, and cost information, then uses mathematical algorithms to forecast demand and provide highly optimized order recommendations. Akbank looked closely at OptiCash's features and predicted ROI figures before

happily rolling out the solution across its ATM network. Implementation was fast - fully realized in just four months. NCR assisted with migration and provided installation, training, and operational and analysis support.

OptiCash is platform-independent, so it has integrated seamlessly into Akbank's existing systems and networks. "When staff saw how close the system's recommendations tallied with the actual data inside our ATMs they immediately understood the business value of the solution," says Mrs Firdevs Sismanlar, Delivery Channels Management Manager at Akbank.

OptiCash has completely refined Akbank's cash delivery processes. Recommendations for each of the bank's 4050 ATMs are now individually optimized, and finding the daily balance amongst all cost components has removed unnecessary costs from the bottom-line.

To further assist with the bank's overall cost-management focus, OptiCash optimizes and tracks carrier and supply costs as well as interest rate changes to continually optimize recommendations. Akbank acknowledges that constantly searching for the optimal way to run the network is the only way to stay competitive, and that the bottom-line is the only success criteria in cash management. Forecasting and optimization are reckoned to reduce cash holding by around 30% and the expense of CIT trips by up to one fifth, although the balance depends on today's business environment. Now the bank monitors everything from a cost and availability viewpoint only.

"OptiCash does not just forecast, it actually optimizes our cost of cash position continually. This ability is important to us," Mrs Sismanlar continues. "We can set rules and thresholds for every individual ATM, so we're always firmly in control, and the unique simulation modelling gives us insight into potential future changes. We're alerted to likely cash outages before they happen. That means we can replenish the cash point, our customers are happy, and our costs are reduced. That's exactly what we wanted from the solution.

THE SOLUTION BENEFITS

With OptiCash delivering higher cash availability and lower costs, Akbank is enjoying competitive advantage and solid business benefits.

The monthly percentage of out-of-money ATMs has fallen by 70% since OptiCash has gone live. And as efficiency has increased, cash point opening balances have reduced. That's helped remove the problem of lost bank revenue from stagnant 'dead money' in oversupplied ATMs.

Greater efficiency has also reduced handling costs and expensive, unplanned responses. Less time is now spent managing cash for ATM use, meaning staff can concentrate on customer service and profit-making activities at the branch.

"Managing cash, especially at offsite ATMs, is very important." adds Mrs Sismanlar, "OptiCash has empowered the bank to make considerable cash replenishment savings. With the system constantly monitoring each ATM's cash position and balancing transport costs against needs, staff sometimes now replenish an ATM as little as once a week, where previously this was happening up to six times a week."

Overnight interest is now earning the bank further revenue, all made possible by stricter, more efficient cash management. And high ATM availability is capturing still further revenue via an interchange fee that Turkish banks apply to one another.

The bank sees a bright future in decentralised cash recycling. In 2012, NCR Intelligent Deposit ATMs were rolled out across Akbank's fleet. The terminals recycle notes from multiple transactions like cash deposits,

bill and fine remittance, and loan repayments. These are delivering yet more efficiency savings. Recycling creates an even higher demand for intelligent cost balancing every day, as ebbs and flows will add a flexible dimension to the device capability. The bank welcomes the extra savings achieved by balancing the devices longer.

Now that OptiCash is optimizing Akbank's ATM fleet, the bank has plans to introduce the solution across its branches. Customer satisfaction is soaring, and OptiCash innovations continue to raise standards - and profits. "Akbank's customers expect our ATMs to be able to dispense cash whenever and wherever they need it." summarises Mrs Sismanlar, "It's crucial we meet their expectations as efficiently as possible. OptiCash is a solution that's helping us do that every day."



WHY NCR?

NCR Corporation (NYSE: NCR) is a leader in omni-channel solutions, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables nearly 700 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

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