



THE FUTURE OF CASH IN RETAIL BANKING

**Understanding Consumer and Banker Perspectives on
Cash, ATMs, and Vaults**

THINK BLINK

BACKGROUND

The pandemic accelerated the decline of cash, with its use dropping to 16 percent of transactions in 2024, down from 20 percent in 2021. Only 60 percent of U.S. businesses now accept cash, and younger generations increasingly prefer digital payments like mobile wallets. However, cash remains vital for lower-income groups, small transactions, and as a financial safety net.

This study examines the evolving role of cash in shaping branch experiences. While branches remain key growth drivers, institutions are leveraging digital technologies to reduce cash reliance and cut costs. Insights from consumer and banker studies highlight trends in cash usage, the rising importance of ATMs, and evolving roles for safety deposit boxes and community spaces, guiding strategic branch transformation.

The full table report with supporting data is available by contacting jplacroix@sld.com

ABOUT SLD

TRANSFORMATION DESIGN AGENCY

Shikatani Lacroix Design (SLD), founded in 1990, is an award-winning brand transformation agency. With offices in Toronto and Shanghai, SLD delivers strategic design solutions for brands seeking change, with expertise in retail experiences, digital experiences, brand strategy, graphic design and strategic insights. We maximize potential for brands by designing experiences that connect with consumers emotionally, powerfully, instantly. Through our proven BlinkFactor philosophy and Think Blink processes, our work in the financial industry aims to inspire the future of retail banking experiences. Everything we do is geared toward owning the decision-making moment through immersive, emotionally connected experiences that communicate your brand's value proposition, in the blink of an eye.

REPORT



SAMPLE SIZE AND DEMOGRAPHICS

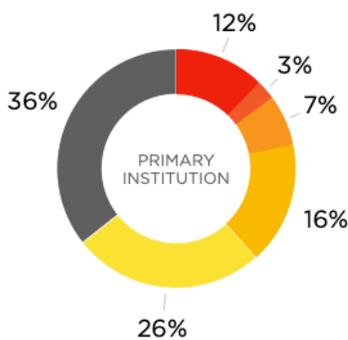
Financial Institution Study

Our banker study surveyed 300 professionals across the United States and Canada from various financial institutions, including national banks, large and small regional banks, community banks, credit unions, and digital-only banks. This sample captured insights from bankers who manage cash transactions and ATM processes in retail banking, with 60 percent representing individuals directly responsible for cash management. In addition to the online study, banker management interviews were held across a wide range of institutions.

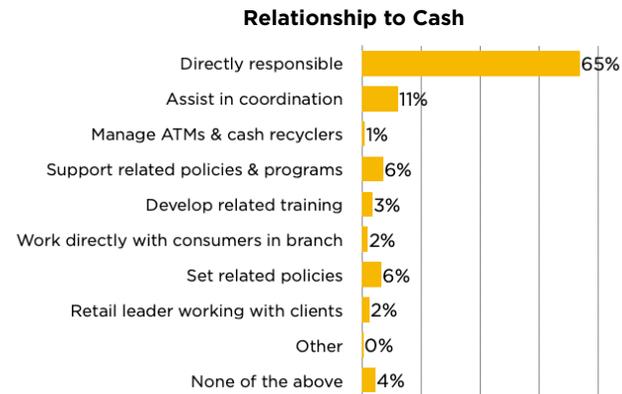
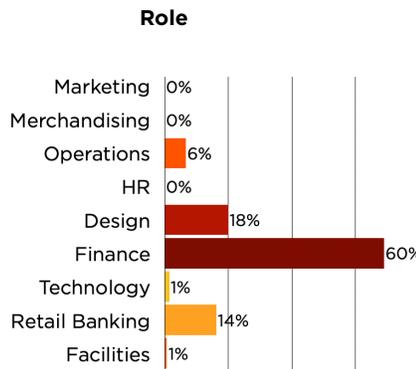
Consumer Study

We surveyed 1,000 participants from various bank branches across Canada and the United States. Participants represented a range of banking preferences to ensure a comprehensive view of consumer behavior. Our sample included a range of ages, income levels, ethnicities, size of institution, and frequency of branch visits. As part of our study, we examined where consumers bank, focusing on branch size and frequency of visits. This helps financial institutions tailor their services more effectively.

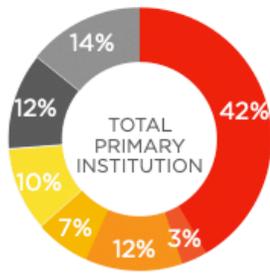
BANKER STUDY



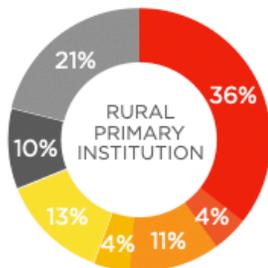
- National Bank (2,500 to 3,000+ branches)
- Super Regional Bank (2,000 to 2,500 branches)
- Large Regional Bank (1,000 to 2,000 branches)
- Small to Mid-Size Bank (250 to 1,000 branches)
- Community/City Bank (1 to 250 branches)
- Credit Union



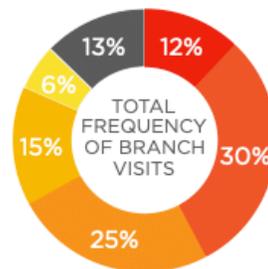
CONSUMER STUDY



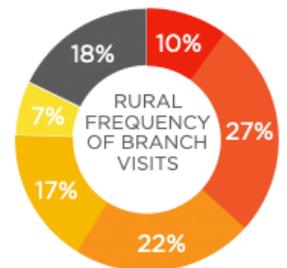
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- Super Regional Bank (2,000 to 2,500 branches)
- Small to Mid-Size Bank (250 to 1,000 branches)
- Credit Union



- Less than once a year
- Once a week
- Fewer than once a month
- Multiple times a week
- Once a month
- Never



KEY FINDINGS

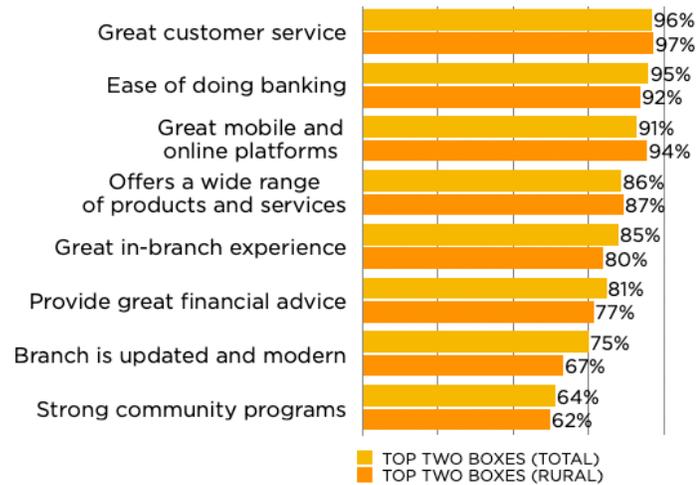
Financial Institution's Customer Relationship On a Solid Footing

Before we explore the future of cash, it is essential to understand the overall banking context. Most respondents are satisfied with their financial institution, but their dissatisfaction is below five percent. On average, customers visit their branch less than once a month, followed by monthly, while 13 percent only visit a branch.

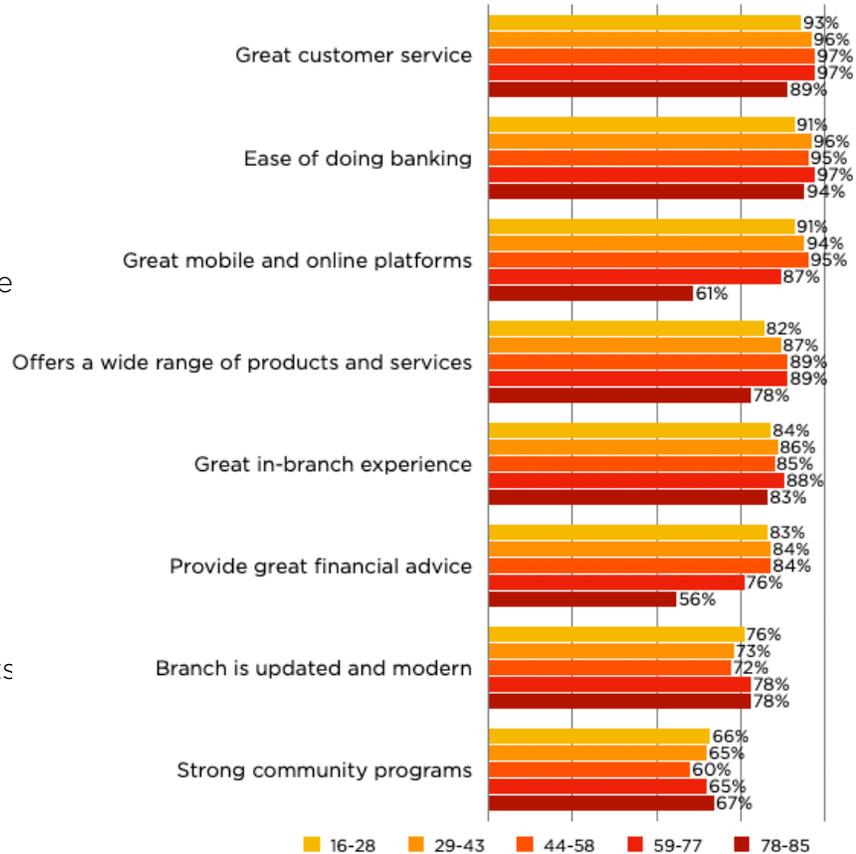
Excellent customer service, ease of banking, and great mobile and online platforms are vital factors that rank high in importance for customers. It is important to note that these three factors ranked over 90 percent: *providing excellent financial advice, offering a wide range of products and services, and having a great in-branch experience*, all ranked about 80 percent.

Only *a strong community program* and *the branch is updated and modern*, ranked in the upper 60's and 70's. Customers view their primary financial institutions as *a trusted relationship with long-term benefits*. At the same time, key growth factors ranked slightly lower, with *a resource for professional financial advice* ranking lower. This low ranking for financial advice in the banking industry has been consistent since we have tracked this factor for the past decade. It is a factor of concern as it predicts customer loyalty.

Total Vs. Rural



Segmented by Age



Question: Please identify the importance of the following factors.

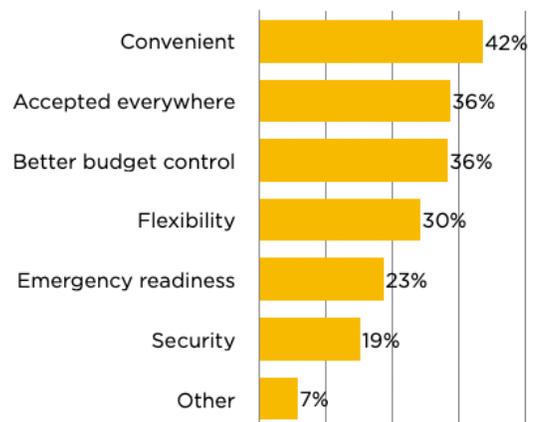
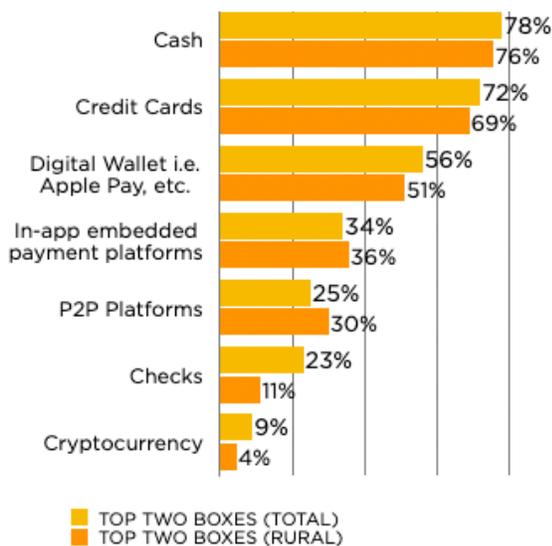
Consumer Cash Usage Driven By Demographics and Income

Recent data indicates that consumers are using less cash than in previous years. The convenience and security of digital banking and contactless payment methods primarily drive this trend. According to our study, only a tiny fraction of consumers rely on cash for everyday transactions. Younger consumers, mainly those aged 18-34, are more likely to use *digital payment methods* and *mobile banking apps*. In comparison, older consumers, especially those over 55, still prefer cash, albeit decreasingly.

The reasons behind this shift are multifaceted. Firstly, the increasing penetration of smartphones and internet access has made digital banking more accessible to a broader demographic. Secondly, the COVID-19 pandemic accelerated the adoption of contactless payments as consumers sought to minimize physical contact. Lastly, many consumers perceive digital transactions as more secure and convenient, reducing the need for carrying cash.

Consumers' perceptions of cash usage are also shaped by convenience, security, and cultural factors. Younger consumers generally view cash as cumbersome and risky, preferring digital alternatives. In contrast, older consumers still see cash as a reliable and easy means of transaction, though they are gradually adopting digital methods. Consumers' cash usage also varies significantly by socio-economic status.

Racially diverse respondents indicate they expect to increase cash usage in the next two years. Although 64 percent of this group indicated their cash usage would be the same, 20 percent expect more cash usage in the future. Lower-income consumers rely more on cash due to limited access to digital banking tools and financial literacy.

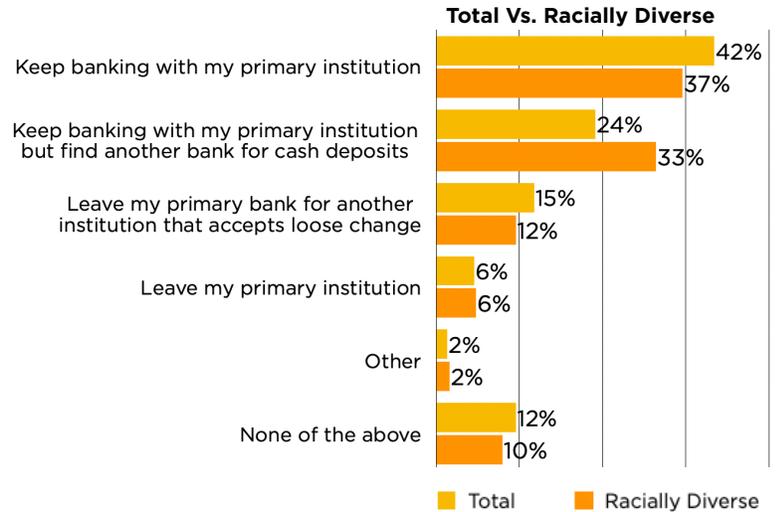


Question: Which platforms do you use to manage your purchases?

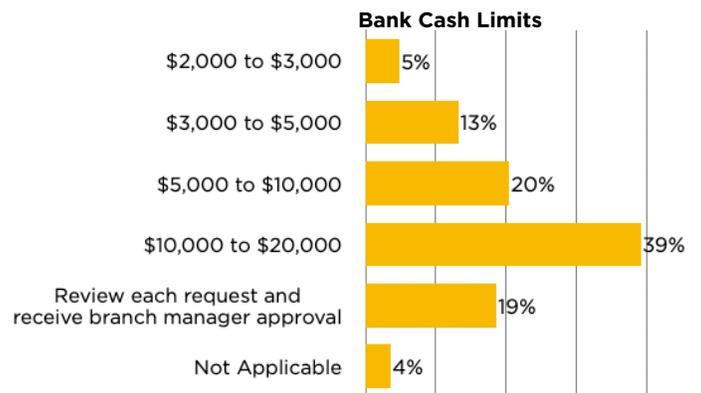
Question: You indicated you are planning to somewhat to significantly increase your cash transactions, please identify the reason.

Bankers noted in the study they have handled significantly more cash in the past two years while setting cash limits, with 39 percent setting limits of \$10,000. It's important to note that 21 percent of customers would leave their bank if it stopped accepting loose change, driven by the racially diverse segment, of whom 33 percent would keep banking with their primary institution but find another bank for cash deposits.

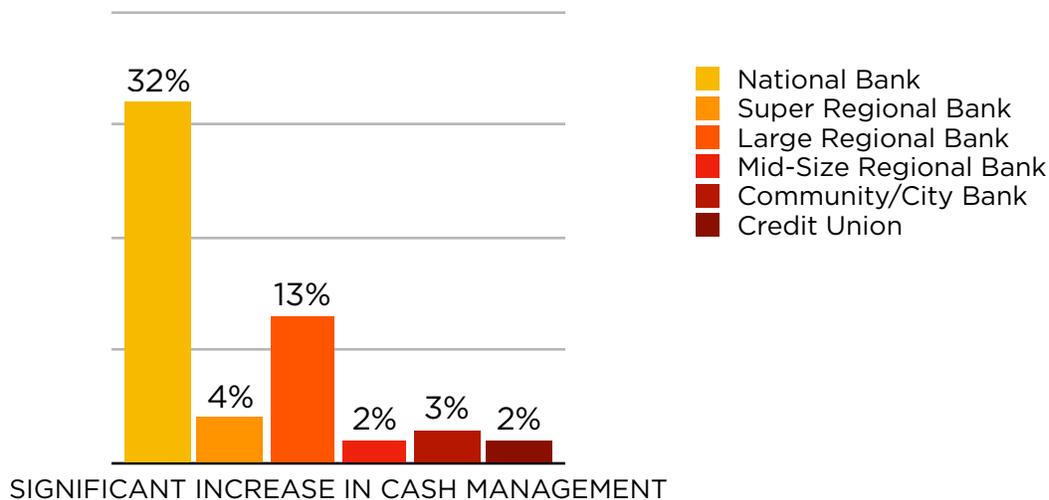
Banks must navigate these varying perceptions by offering a mix of services that cater to different preferences. For instance, while promoting digital banking, banks should ensure that cash-handling services remain efficient and accessible for those who prefer them.



Question: What would you do if your primary bank stopped handling loose change?



Question: If you indicated you have a limit on the amount of cash you can receive or provide, please indicate the range of the limit.



Question: How much cash is your institution managing in the branch in the past 24 months? (Showing SIGNIFICANTLY MORE THAN PREVIOUS 2 YEARS)

Attitudes Toward Community Rooms, Vaults, and ATMs

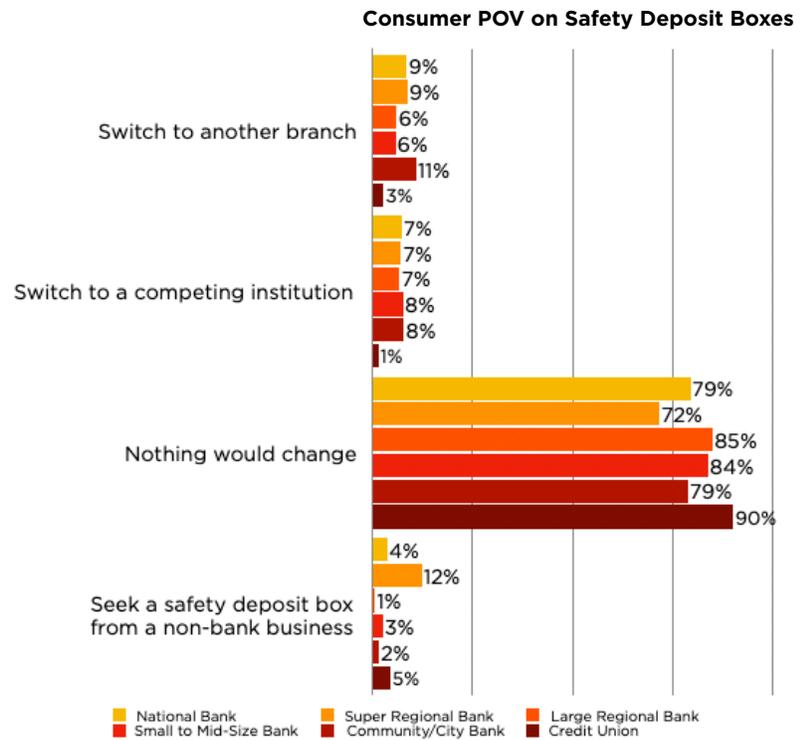
Consumer attitudes toward traditional banking facilities like community rooms, vaults, and ATMs are evolving. Although 82 percent of bankers indicated they offer a community/conference room as part of their branch experience, these amenities are perceived differently across age groups and types of institutions. While older consumers and patrons of smaller banks value these spaces for their personal touch and community engagement, younger customers and those who prefer larger banks are less interested.

Bankers have also started to place community rooms in branches where the trading area has high numbers of SME business customers or based on the branch size. Most financial institutions consider this offering important regardless of who uses the space.

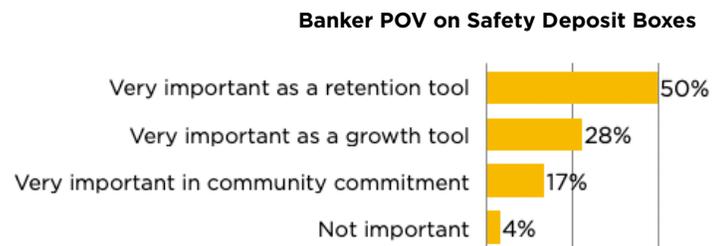
Younger consumers, particularly, see little value in these spaces, preferring online resources and virtual consultations. On the other hand, older consumers still appreciate these rooms as a statement to the community. Irrespective of the appeal of such offerings, a critical factor in their low use is the complexity of managing this service, or even awareness that it is available for consumers to use.

Traditionally seen as a symbol of bank security, vaults are now viewed as less critical by younger consumers who trust digital security measures. However, older consumers and those with significant assets still value the physical security features offered by vaults. In particular, vaults are essential for consumers from diverse cultures, who may own physical assets such as ceremonial or inherited jewelry.

Financial institutions noted vaults are a strong retention and growth tool when offered in markets where the customers find value in the offering. During our telephone interviews with bankers, many were moving towards a hub-and-spoke strategy, eliminating vaults in new builds and sending customers to older branches with under-utilized safety deposit boxes. Banks can do this by defining the ideal customer vault profile and offering premium vault services in the right locations.



Question: If your primary bank stopped offering safety deposit boxes, what would you do?



Question: How important is offering safety deposit boxes to your customers?

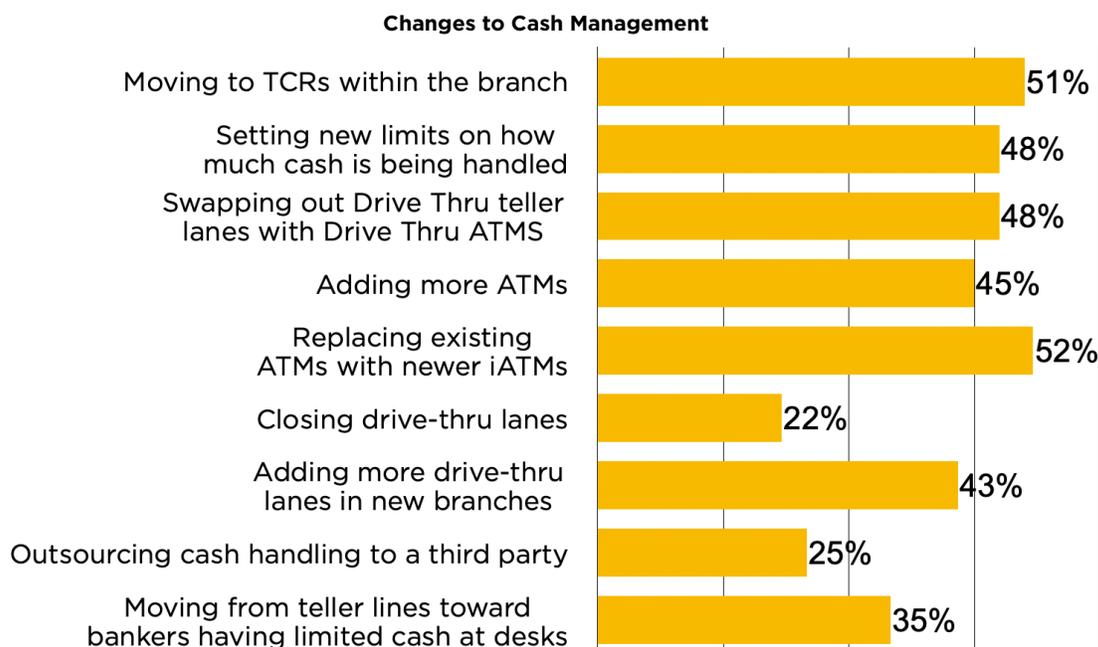
ATMs critical to customer engagement

More than 20 percent of respondents expect their cash transactions to increase in the next 24 months, with 64 percent indicating no changes. ATMs remain crucial service points for all age groups, although the size of the banking institution also influences their usage. Consumers using national and super-regional banks (with 2,500 to 3,000+ branches) show higher satisfaction with ATM services due to their widespread availability and advanced features.

Conversely, customers of smaller community banks or credit unions (with 1 to 250 branches) often need help with ATM availability and functionality, affecting their overall satisfaction. Smaller banks and credit unions may need to upgrade their ATM infrastructure to meet customer expectations better.

Drive-thru and interior ATM cash transaction usage are rising, while teller counter transactions remain essential for older consumers but are declining overall. 83 percent of the 16-28-year-old segment indicated drive-thru/walk-up ATM is their primary choice, and 36 percent indicated they increased their ATM usage. 68 percent of the 59-77-year-old group said the teller counter was their top cash transaction area. ATM usage is vital regardless of age, especially for cash withdrawals and deposits.

Financial institutions are responding to the growth of ATM usage by being well-advanced in terms of in-branch cash technologies and accessibility. 70 percent of institutions have in-branch and drive-thru ATMs, while more than half of respondents had cash recyclers. Bankers are also accelerating ATM adoption and upgrading their digital platforms; more than half of institutions are replacing existing ATMs with newer models, moving to TCRs within the branch, and swapping out drive-thru tellers lanes with ATMs.



Question: Do you foresee any changes to how your institution handles cash?

Digital wallet usage on the rise

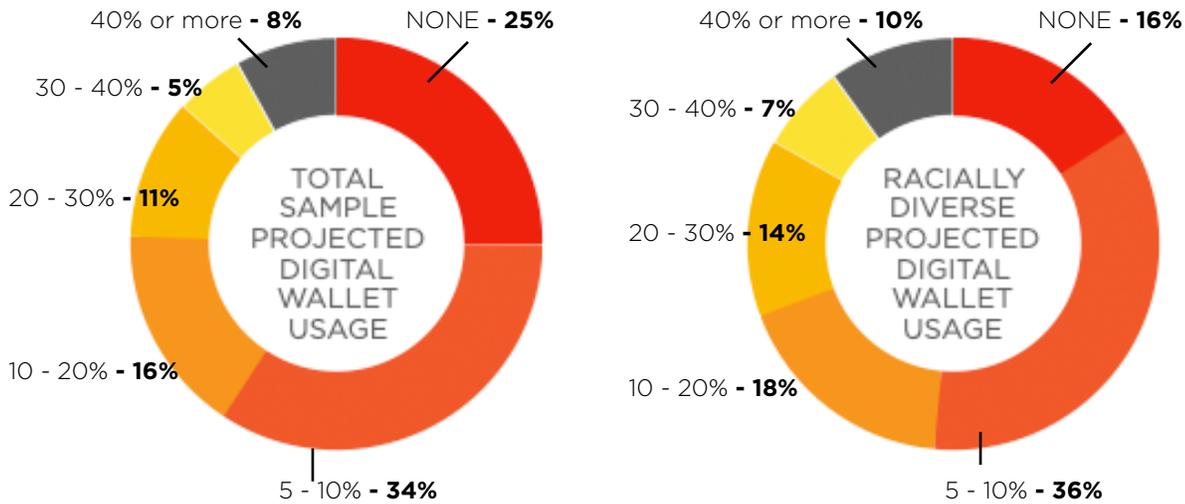
Digital wallet adoption is high amongst younger consumers, and it is rising among racially diverse respondents who anticipate higher usage in digital wallet transactions in the next two years. The study noted that 40 percent of all platforms used by the 16-28-year-old segment for purchases are through *digital wallets*, followed by *credit cards*, while *cash* ranked third. Conversely, only 9 percent of those aged 44 and older use *digital wallets*, while most purchases were completed using *credit cards* and *cash*.

Although 27 percent of racially diverse respondents indicated they managed their purchases through *digital wallets*, *cash* was their primary purchase platform, significantly

higher than the total study. To accelerate a shift to digital wallet adoption, financial institutions must allow ATMs to transfer funds to digital wallets since only half of the banker's we spoke to say their institutions enable cash transfer through this payment platform.

When asked about the percentage increase of respondents' transactions using a digital wallet in the next 24 months, 34 percent indicated a five to ten percent increase, followed by 16 percent indicating a ten to 20 percent increase and 25 percent indicating no changes in usage.

Racially and Ethnically Diverse Customers Use Digital Wallets More Frequently



Question: Please estimate your total transactions using a digital wallet in the next 24 months.

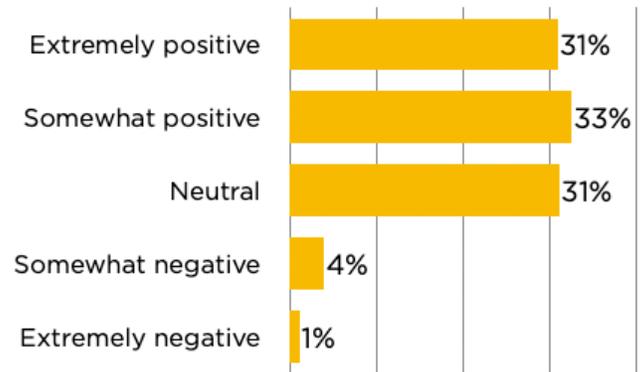
ATM Conversion a Missed Opportunity

Although 41 percent of institutions have deployed an ATM staff engagement choreography model, ATM conversion remains a missed opportunity for banks with no significant negative downside. Part of the challenge is that most institutions need to perceive an issue with their ATM conversion rates. The study highlighted a significant gap in shifting consumer behavior towards the lower cost of transaction ATMs, with 54 percent of customers indicating they needed to be approached to be trained on ATMs during long queuing lines.

It's unfortunate, as 64 percent of customers' impressions would be positive, and only a fraction viewed the offer negatively, highlighting a significant upside to ATM training. Customers who declined training during long queuing primarily reasoned that they preferred to speak to a teller or were at the institution for a non-cash transaction.

Financial institutions can drive lower transactional costs by enlisting the support of employees in onboarding customers during peak banking periods. Institutions will also need to overcome employee barriers of ATM conversion, as many see these technologies as replacing their roles in the branch.

Customer POV on ATM Onboarding



Question: What is your perception of a bank where the staff offers to train you on using ATMs, online or mobile banking?

Only **25%** of customers recall being offered ATM training.

Banker Perspectives on Cash Management and Customer Service

From the bankers' perspective, optimizing cash management remains a top priority since most institutions indicated they managed significantly more cash in the past two years. Bankers heavily invest in technology to streamline cash-handling processes and reduce operational costs.

76 percent are either in the planning stages or have already implemented a new staff engagement model to support higher usage of ATMs. However, they also expect increased cash handling at the teller line, at least in the near future. This aligns with consumer expectations, particularly among older customers who value face-to-face interactions and customized banking services, while younger segments focus on the convenience of ATMs.

When asked how their institution manages cash or loose change in the branch, 63 percent indicated that the teller counter could receive some money stored in drawers, followed by 55 percent, where cash is managed through TCRs and ATMs. This is unsurprising as 71 percent of financial institutions feature teller cash drawers followed very closely by in-branch ATMs/ATMs.

When asked to indicate any changes in cash transactions across the various platforms, 22 percent showed a significant decline at the teller. However, bankers also recognize the importance of improving customer service to retain and attract customers. The critical focus areas are enhancing the in-branch experience, reducing wait times, and offering personalized advice.

STRATEGIES



Strategies for Consideration

Strategy 1: Greater focus on customer ATM training

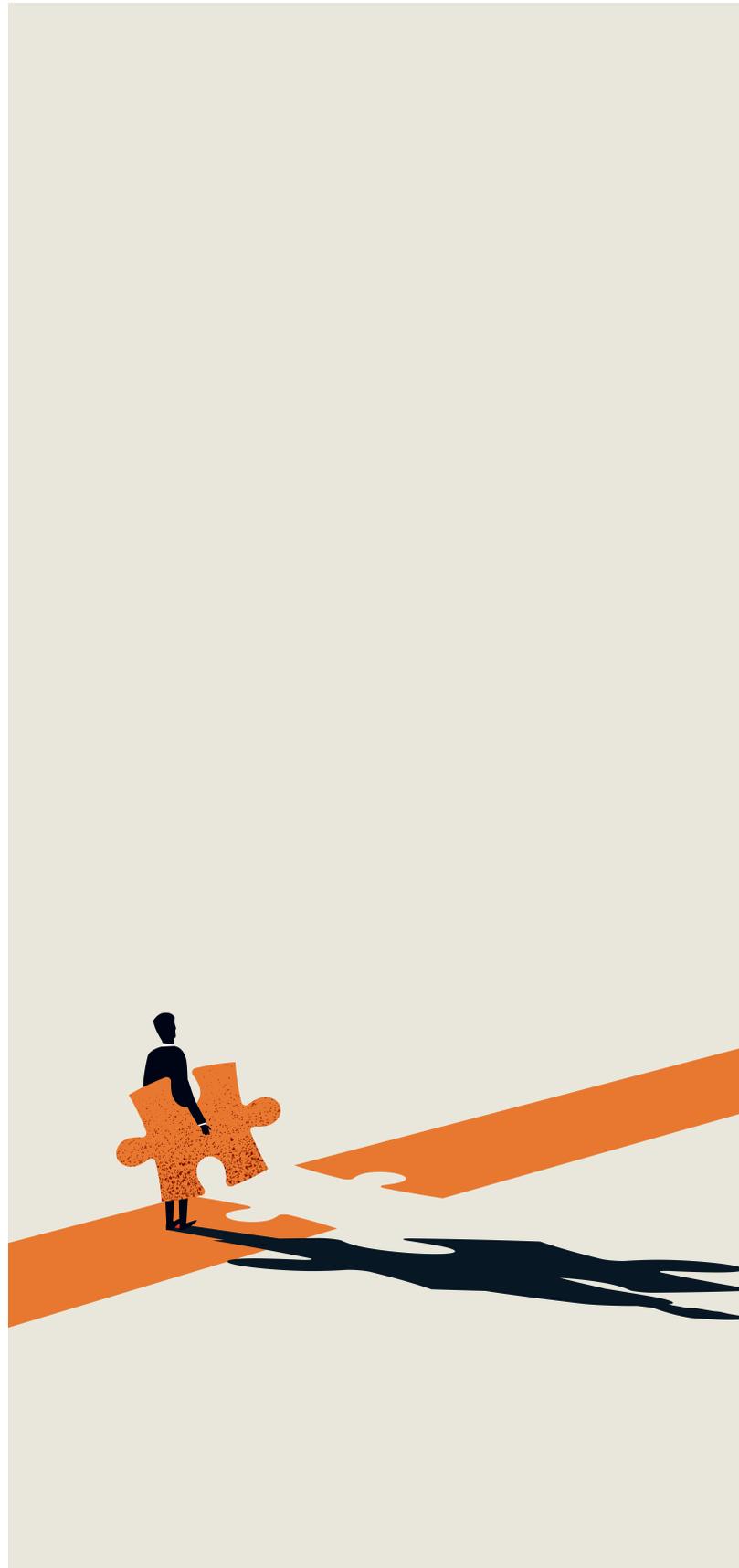
Financial institutions must provide better lobby greeter sales choreography to reduce their transactional costs towards ATM adoption. More significant efforts to promote in-branch usage, especially by older consumers, should assist in reducing teller transactional costs and freeing up customer service reps to provide improved financial advice.

Strategy 2: Optimize In-Branch Services

To cater to consumers who value in-branch experiences, banks should improve customer service training, redesign branch layouts to promote financial advice, and facilitate transaction conversion to ATMs to focus on specialized services that cannot be easily replicated online. Evolving the ATM technology with newer and more convenient platforms and making them more accessible in the branch are vital in increasing customer engagement and satisfaction.

Strategy 3: Invest in Advanced Cash Management Technology

Banks should continue to invest in automation, such as TCRs and advanced cash management technologies, to improve efficiency and reduce costs.



Enhancing feasibility of ATM cash transfers to digital wallets is key as younger consumers use this method of payment frequently, and only 50 percent of institutions in our study currently offer this functionality.

Strategy 4: Geo-locate vault and community room amenities

Financial institutions must explore how these services reflect the banks' trading area demographics to ensure they maximize their value. Our research has shown substantial value in these offerings if they cater to the correct banking personas. In addition, institutions need to plan for an effective vault migration strategy as new branches that do not feature such services are opened. Offering a hub-and-spoke strategy effectively reduces the friction point of a loss of service at a new location while increasing the utilization in older locations.

Strategy 5: Recognize cash remains important

Building solid relationships with customers can increase loyalty and retention if disruptions of service or offerings are mitigated. A migration strategy away from cash for older customers and diverse groups can lead to negative perceptions and customer loss. Banks can leverage data analytics to determine which locations can migrate towards a cashless branch and which cash services can be amplified. By adopting a geo-location strategy leveraging

data analytics and AI, financial institutions can ensure a seamless and positive transition towards managing less cash.

CONCLUSION

Analyzing the insights from both consumer and banker studies reveals a dynamic landscape where digital transformation coexists with the enduring value of traditional banking services. By enhancing digital offerings, optimizing in-branch services, investing in technology, geo-locating amenities such as conference rooms and vaults, and driving outstanding cash transactions to digital platforms, banks can better meet their customers' evolving needs while ensuring operational efficiency. Understanding the diverse preferences and behaviors across different age groups and institution sizes is critical to developing strategies that resonate with all customer segments.



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