

Case Study



American Savings Bank

Optimizing Cash Operations with iCom® from Fiserv

A highly respected financial institution in Hawai'i explains the challenges and the ultimate solution for managing cash levels across its diverse network.



Serving Hawaii's businesses and communities for 85 years, American Savings Bank is a \$4.9 billion financial institution, with a network of 59 branches and over 160 ATMs covering the islands of Oahu, Kauai, Maui, Hawaii and Molokai. American Savings Bank provides a full range of financial products and services, including commercial banking, consumer deposits, loans, insurance and investments.

Culture and Landscape Drive a Need for Cash Management

When Donna Howard, Assistant Vice President and Manager of the Central Cash Vault, started with American Savings Bank in 2007, working fund cash reserve levels were not proportional throughout the bank's network of branches and ATMs. Because it is customary for many business customers to operate almost exclusively in cash, it is not uncommon to receive daily cash orders of forty thousand dollars without notice, forcing many branches to hold on to higher cash reserves as a safety net.

Geographic location also presents challenges to American Savings Bank. The nearest Federal Reserve Bank is nearly 2,400 miles away and cash shipments into the bank cost between three and five thousand dollars. In addition, because



Client Profile

- Assets: \$4.9 billion
- Network of 59 branches and over 160 ATMs covering the islands of Oahu, Kauai, Maui, Hawaii and Molokai
- Full range of financial products and services, including:
 - Commercial banking
 - Consumer banking
 - Insurance
 - Investments

armored car transport services can be very expensive, many of the island branches are reluctant to deplete cash reserves due to cost constraints.

Similarly challenging, the bank has to provide cash to six different logistical areas, many in remote parts of the islands. “Each of the six areas has an individual, unique challenge when it comes to meeting cash demands. Shipment times can double if flights are delayed or cancelled. Large amounts of coin must travel by barge to the multiple island branch locations,” explains Howard.

The bank also relies on tourism to help fund and maintain cash supplies. But with current economic conditions, it can be difficult to forecast how much the influx of tourism cash will offset what the bank might need to order from the Federal Reserve. Howard says that iCom has been vital in “helping the bank to analyze and forecast reserve cash level needs.”

Building an Operational Cash Management Strategy

With the challenges clearly defined, Howard explains the bank’s approach: “We had to look across the operational boundaries that existed. We evaluated everything that we touched in the end-to-end relationship, and how we could leverage what worked in one area and take that success to another area.” Part of that strategy was to launch a Cash Opportunity Project early in 2008 to analyze and evaluate how iCom could help the bank tackle many of its logistical challenges.

“We have formed an alliance with Fiserv in our strategic objective to be perceived as Hawaii’s best full-service financial institution.”

Donna Howard

Assistant Vice President and Manager of the Central Cash Vault, American Savings Bank

The analytical tools built into the iCom application helped Howard develop a strategic plan to bring all of the branches onboard and to make sure each was maximizing the solution’s functionality. The bank started with five of its larger branches for a pilot project rollout. The iCom branches chosen for the rollout were representative of the different areas American Savings Bank services, allowing the bank to determine how effective iCom would be in helping to manage cash reserves for the entire branch network.

“We analyzed the historical data and utilized the different iCom reports. This helped us to identify the opportunities available to American Savings Bank. Additionally, we conducted a series of iCom training sessions for the branches, showing them the types of graphs and what the information meant. Then, on a weekly basis, we showed them their progress,” she explains. “The biggest challenge, from our perspective, was getting the branches to believe that the iCom cash forecasts were actually correct.”

Utilizing forecasting from the iCom solution, American Savings Bank was able to cut the number of days of operational cash on hand from four or five days down to two or three days. This reduction translated into another cash reserve reduction of \$21 million over seven months.

Challenge

American Savings Bank was looking to stabilize cash reserve levels throughout its network of branches and ATMs, spanning across five Hawaiian Islands. Because of the physical geography among branch locations, the cost of shipping in cash from the nearest Federal Reserve Bank—2,400 hundred miles away—and the escalating cost of armored carrier services, American Savings Bank was seeking a technology solution to help optimize cash management while minimizing operational expenses.

Solution

American Savings Bank chose iCom from Fiserv to help address and manage cash reserve requirements across their network. Utilizing iCom has helped the bank optimize operating cash reserve levels and transaction fees.

Proof Points

- Within a year of utilizing iCom tools to launch a “Cash Opportunity Project,” American Savings Bank had reduced cash levels in their network by 15 percent, translating into a \$13.6 million dollar reduction in cash reserves
- Using iCom tools and solutions, American Savings Bank was able to reduce the number of days of reserve cash on hand from five to three, translating into a cash reserve reduction of \$21 million over seven months
- Armored car service costs have been reduced by 29 percent since launching the project using iCom tools, translating into thousands of dollars in expense savings each year
- Overall cash levels have been reduced by 50 percent within the last 18 months

The Proof in the Numbers

For the first phase of the rollout, American Savings Bank concentrated on reducing the branches’ operational cash reserves. “We did have some significant results,” explains Howard. “We reduced average cash held over the first year by about 15 percent, which translates to a reserve reduction of \$13.6 million.” Utilizing forecasting from the iCom solution, American Savings Bank was also able to cut the number of days of operational cash on hand from four or

five days down to two or three days. This reduction translated into another cash reserve reduction of \$21 million over seven months.

The iCom solution also helped Howard reduce armored car costs for the bank. “We were able to reduce our armored car services by about 29 percent, which translated to a savings of thousands of dollars per year. We eliminated all the unnecessary stops and realigned the number of times that the armored car

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carrier goes to the branches. In addition, we changed the way we replenished the cash in our ATMs. These efforts have reduced the cost of cash and cash operations significantly.”

Increased Back-Office Efficiency

Utilizing iCom functionality, Howard was able to further streamline back-office operations for American Savings Bank. “With iCom, we redistributed the work and combined departments. The solution helped us evaluate operations and reduce the cost of doing business.”

The Bottom Line

American Savings Bank is constantly fine-tuning and automating their cash operations. Using iCom processes, Howard continually seeks to maintain optimal cash levels across the bank’s branch and ATM networks.

“With iCom, we redistributed the work and combined departments. The solution helped us reduce the cost of doing business. We reduced cash the first year by 15 percent, a \$13.6 million reduction in cash reserves.”

Donna Howard

Assistant Vice President and Manager of the Central Cash Vault, American Savings Bank

How does Howard see the relationship with Fiserv moving forward?

“We have formed an alliance with Fiserv in our strategic objective to be perceived as Hawaii’s best full-service financial institution. We have reduced our overall cash by about 50 percent in the past 18 months. We hope to utilize Fiserv again to reduce our cash levels even more.”

Connect With Us

For more information about how iCom from Fiserv can help your organization optimize your cash operations, contact us toll-free at 800-872-7882 or visit our website at www.fiserv.com/cashandlogistics.



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