

AFP 2017

SAN DIEGO | OCTOBER 15-18



A T-Mobile Case Study: Two Years after the Creation of Provisional Credit without Smart Safes

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About T-Mobile USA, Inc.

As America's Un-carrier, T-Mobile US, Inc. (NASDAQ: TMUS) is redefining the way consumers and businesses buy wireless services through leading product and service innovation. The Company's advanced nationwide 4G LTE network delivers outstanding wireless experiences to 72.6 million customers who are unwilling to compromise on quality and value. T-Mobile US provides services through its subsidiaries and operates its flagship brands, T-Mobile and MetroPCS.



- **Headquarters**
Bellevue, Washington
- **Number of Retail Locations**
Approximately 5,000+

About SunTrust Banks, Inc.

SunTrust Banks, Inc. is a purpose-driven financial services company dedicated to Lighting the Way to Financial Well-Being for the people, businesses, and communities it serves. SunTrust leads onUp, a national movement inspiring Americans to build financial confidence. Join the movement at [onUp.com](https://onup.com).



- **Headquarters**
Atlanta, Georgia
- **Footprint**
SunTrust operates an extensive branch and ATM network throughout the Southeast and Mid-Atlantic states, along with 24-hour digital access. Certain business lines serve consumer, commercial, corporate, and institutional clients nationally.
- **Total Assets** (as of June 30, 2017) \$207 billion

About IFS Services, Inc.

International Financial Services (IFS) was founded in 1996 and launched DTS Connex™ in 2003. DTS Connex is a leader in web-based financial solutions for retailers and multi-location businesses helping them enhance operational efficiency, centralize their data, and connect with their partners.



- **Headquarters**

Westminster, Maryland

- **Number of Retail Locations Supported by DTS Connex**

We serve over 40,000 locations nationwide with our suite of online cash management tools.

- **Platform integrates with banks, carriers, Point-of-Sale and Cash Management systems**

Moving Cash from Store to Bank

Traditionally, retailers who accept cash have three choices:



Traditional Branch Deposit

Pros:

- Flexibility of daily cash banking (except weekends and holidays)
- Proximity to branches

Cons:

- Labor intensive
- Security risk
- Higher shrinkage
- Higher banking costs
- Manage multiple banking relationships
- Limited reporting
- **NO provisional credit**

Armored Courier to a Vault

Pros:

- Secure from point of collection
- Economies of scale reflected in pricing
- Cash handling fees typically lower than branch deposit
- Change deliveries available
- Frees up management time on-site

Cons:

- Lost interest
- Challenges when scheduling
- More pick-ups so more carrier research
- Large merchants have to manage multiple contracts
- **NO provisional credit**

Smart Safe with Provisional Credit

Pros:

- Streamlines cash balancing
- Reduces expense
- Reduces shrinkage
- Cash insured on-site by smart safe provider
- Improves staff productivity
- Data/Reporting Availability
- **Provisional Credit available**

Cons:

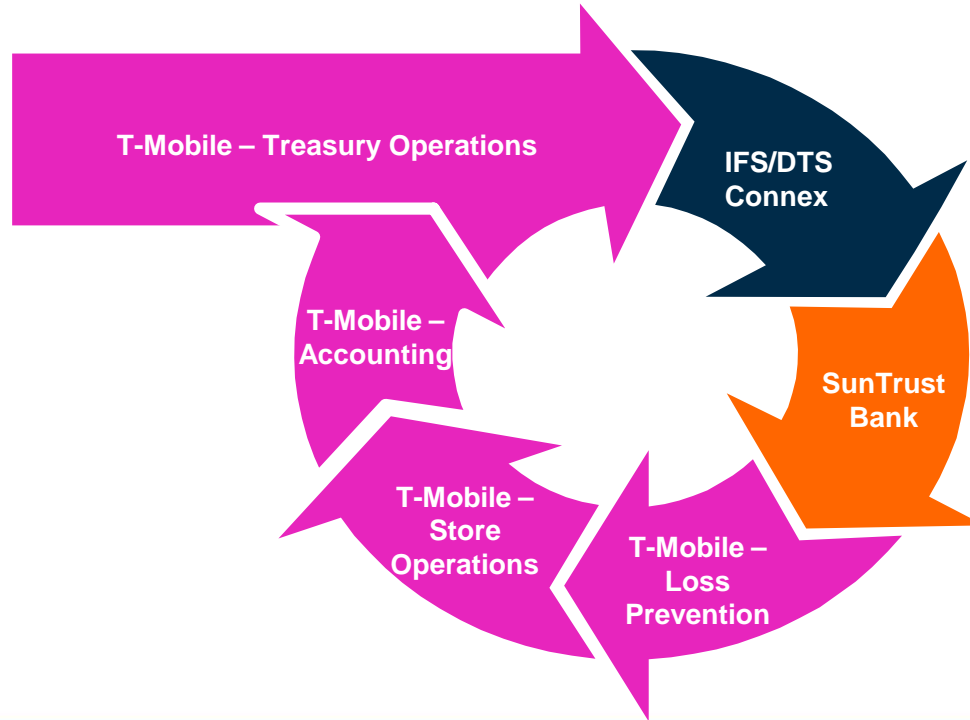
- Upfront and ongoing hardware costs
- Reconciliation challenges
- Safes can be difficult and expensive to remove once implemented
- Potential maintenance and data transmission issues

T-Mobile and the Cash Conundrum

How to manage cash across T-Mobile's growing network of approximately 5,000+ retail locations?

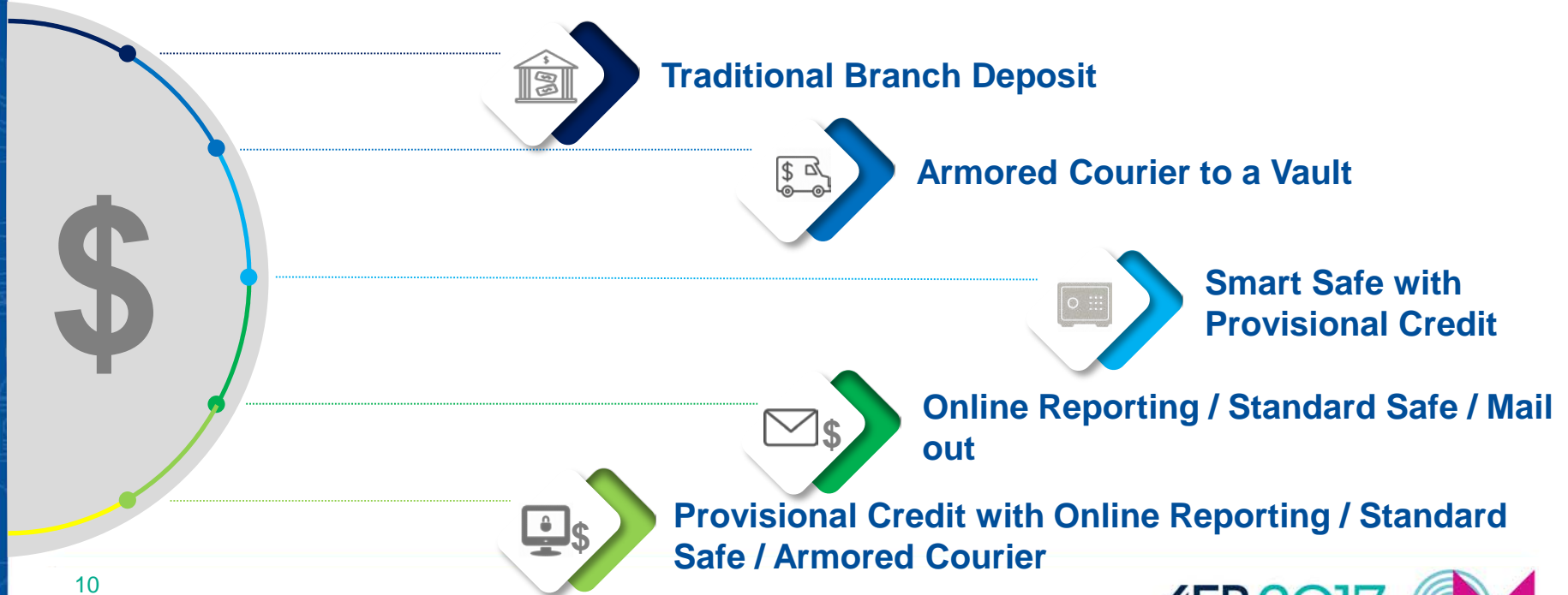
- **Standardized Deposit Process**
 - Deposits prepared nightly and tracked through web-based deposit tracking system
 - Validated against integrated POS feed
- **Process is heavily reliant on armored courier services to transport cash to bank vault**
- **Desire to receive provisional credit on cash reported and not yet verified by the bank**

Developing an Alternative to Implementing a Provisional Credit Solution



Moving Cash from Store to Bank

Now, retailers who accept cash have more choices:



Online Reporting, Standard Safe, and Mail Out

Pros:

- Reduces shrinkage
- Streamlines end-of-day cash balancing
- POS Integration reduces deposit adjustments
- Tracks transactions
- Elimination of MICR Deposit Slips

Pros (Continued):

- Flexibility with USPS
- Reduces armored courier expense

Cons:

- Increased cash in safe
- Cash in transit cycle increases
- Increased risk with mail operations

Provisional Credit with Online Reporting, Standard Safe, and Armored Courier

Pros:

- Flexibility to modify armored courier pick-up
- Reduces shrinkage
- Streamlines end-of-day cash balancing
- POS Integration reduces deposit adjustments
- Elimination of MICR Deposit Slips

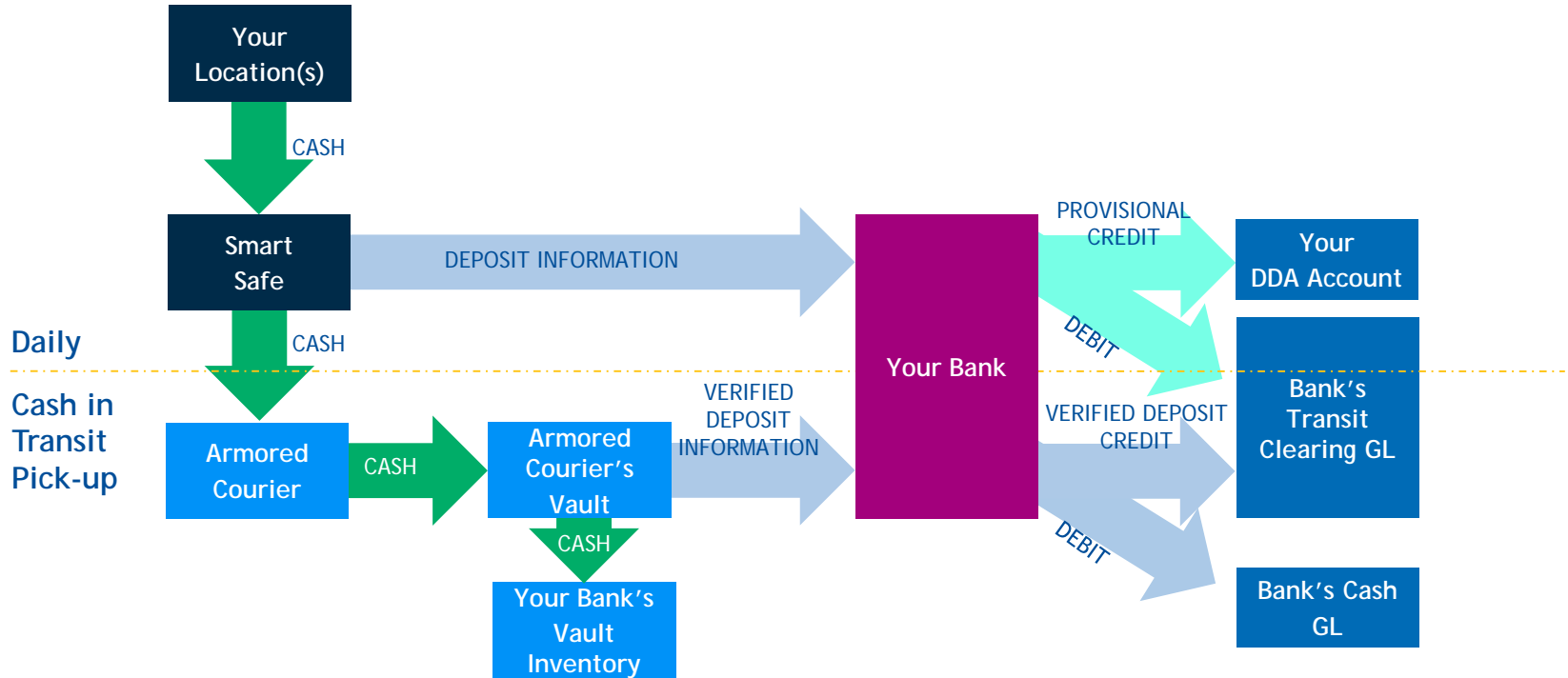
Pros (Continued):

- Tracks transactions, armored courier and bank metrics
- **Provisional Credit available**

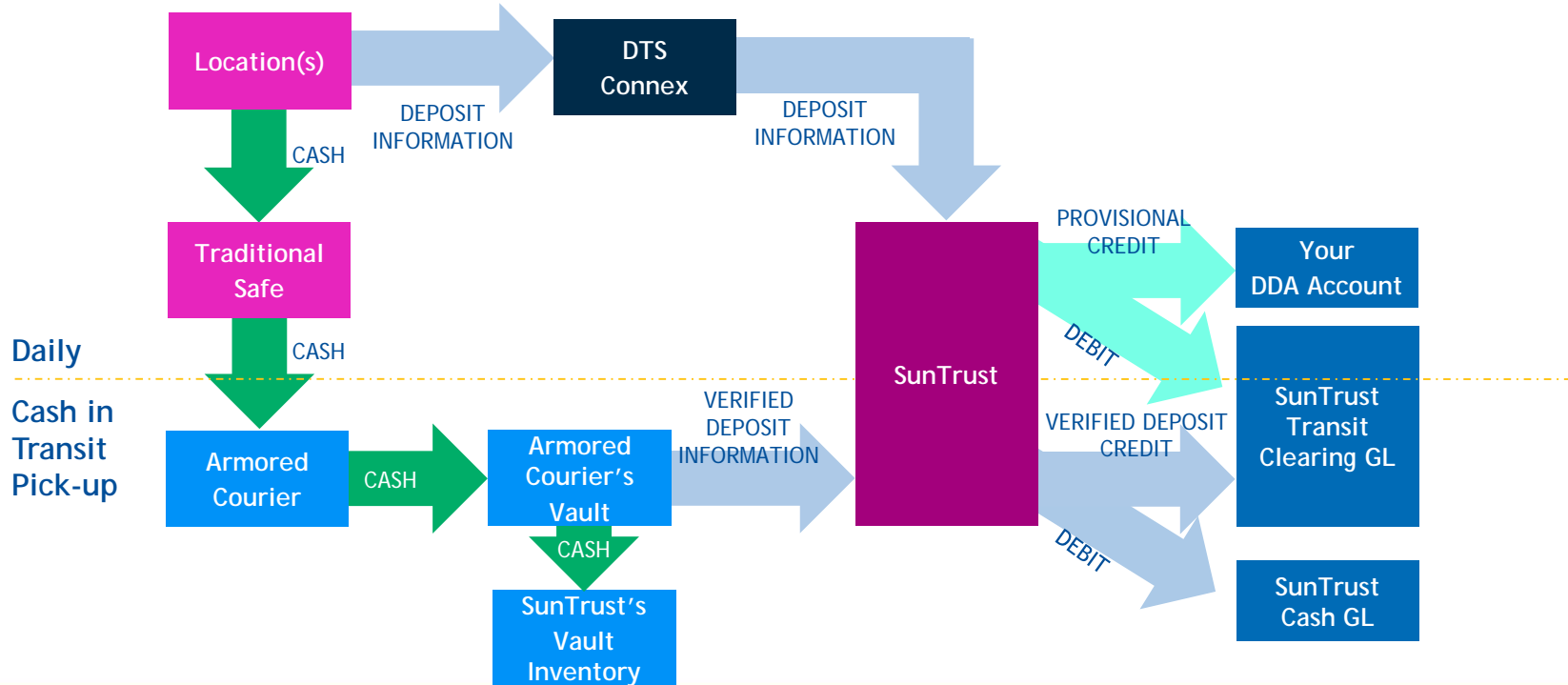
Cons:

- Increased cash in safe
- Cash in transit cycle increases

Traditional Depository Service Flow



T-Mobile's Provisional Credit Program Depository Service Flow



Provisional Credit Example for a Single Store/Weekly Armored Transport

	MON Day 1	TUE Day 2	WED Day 3	THU Day 4	FRI Day 5	SAT Day 6	SUN Day 7	MON Day 8	TUE Day 9	
DTS Outstanding Deposits	\$ 0	\$ 2,000	\$ 4,100	\$ 6,000	\$ 8,200			\$13,975	\$ 2,150	SunTrust queries DTS
Armored Carrier Pick-up at store								\$13,975		Deposit picked up
Deposit Amount	\$ 2,000	\$ 2,100	\$ 1,900	\$ 2,200	\$ 1,800	\$ 2,050	\$ 1,925	\$13,975	\$ 2,150	Store creates deposit through DTS – SunTrust provides daily provisional credit for outstanding deposits
Provisional Credit Posting(s)		\$ 2,000	\$ 4,100	\$ 6,000	\$ 8,200			\$13,975	\$ 2,150	
		\$ 0	(\$ 2,000)	(\$ 4,100)	(\$ 6,000)		(\$ 8,200)	(\$13,975)		
Individual Deposits Posted									\$ 2,000 \$ 2,100 \$ 1,900 \$ 2,200 \$ 1,800 \$ 2,050 \$ 1,925	Deposits delivered to SunTrust verified and credited to DDA

How a Deposit Creation and Tracking System Works

Treasury/Store Operations – Deposit/Provisional Credit Tracking:

Home Create Manage Analyze & Report Local Admin Admin Training

Hello, Customer Location

Search Deposits

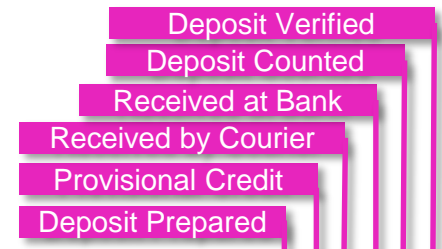
Search From 8/1/2016 To 8/30/2016

Enter a location #, bag #, deposit amount, transaction id. You can also enter terms like adjustment, late credit, no pickup, etc. Finally, you can use combinations of these. Click Here for Keywords and Examples.

Next Page of Data > Now showing 500 deposits at a time (1 up to 500 on-screen) Download

Transaction	Location	#	Sales Date	Bag #	Total P	PC	A	R	C	V
NH30E47EJH46	0414 - RB	0414	8/29/2016	15903122	\$3,499.69	✓	✗	✓	✓	✓
NH30E47EDC00	1111 - Biloxi 1-1 step	1111	8/30/2016	67316808	\$3,674.21	✓	✓	✓	✓	✓
NH30E46IEB58	1404512663	1404512663	8/30/2016	91103822	\$4,094.69	✓	✓	✓	✓	✓
NH30E46HFD55	10501 - Westwood	10501	8/29/2016	47625363	\$4,129.13	✓	✓	✓	✓	✓
NH30E46AJJ53	235 - Raleigh-verificatio...	235	8/29/2016	66389025	\$3,954.31	✓	✓	✓	✓	✓
NH30E46FGI52	10501 - Westwood	10501	8/30/2016	97964985	\$3,079.52	✓	✓	✓	✓	✓

Transaction	Location	#	Sales Date	Bag #	Total P	PC	A	R	C	V
NH30E47EJH46	0414 - RB	0414	8/29/2016	15903122	\$3,499.69	✓	✗	✓	✓	✓
NH30E47EDC00	1111 - Biloxi 1-1 step	1111	8/30/2016	67316808	\$3,674.21	✓	✓	✓	✓	✓
NH30E46IEB58	1404512663	1404512663	8/30/2016	91103822	\$4,094.69	✓	✓	✓	✓	✓
NH30E46HFD55	10501 - Westwood	10501	8/29/2016	47625363	\$4,129.13	✓	✓	✓	✓	✓
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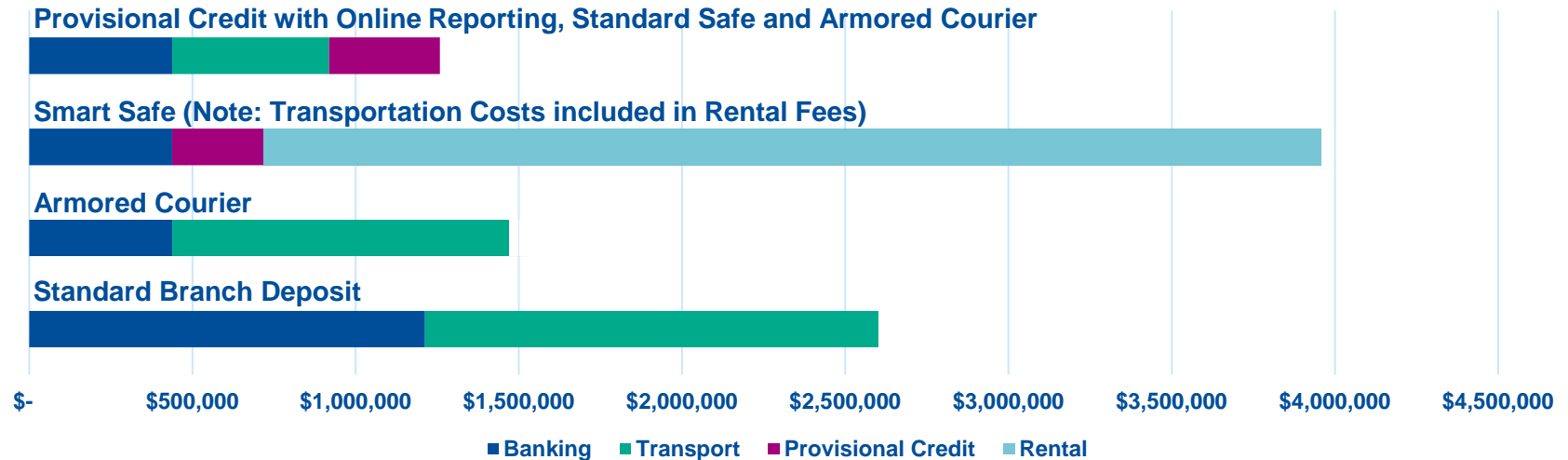


Deposit identification number

Store Location

Cost-Benefit Analysis

What is the estimated annual cost of a retailer with 500 locations each with an average weekly cash till of \$20,000?



Source: CMS Payments Intelligence ("CMSpi"), an independent international payments consultancy. This analysis is for educational purposes only. Actual results may vary.

Value Proposition of Provisional Credit with Online Reporting and Standard Safe

- **Costs are significantly lower than smart safes with many of the benefits**
 - Investment returns continue even as cash sits in safe
 - Provisional Credit available so frequency of armored courier service or mail out can be modified
 - Reduced shrinkage because cash is tracked
- **Deposit Creation and Tracking System**
 - Standardized process across enterprise
 - Bank is pre-advised of incoming deposits
 - Provisional credit based on actual deposits

Two Years Later... Provisional Credit without Smart Safes – By the Numbers

79%

Stores participating in the T-Mobile Provisional Credit Program

5

Number of Bank Relationships T-Mobile uses for Retail Store Deposits

2

Number of Banks participating in the T-Mobile Provisional Credit Program

Two Years Later... Provisional Credit without Smart Safes – Treasury Outcomes

- Challenges forecasting daily cash when incorporating provisional credit
- Advantages in cash management and improved cash efficiencies
 - ✓ **ADVANTAGE**: With provisional credit, it is only necessary to estimate one day of deposits
 - ✓ **IMPROVED CASH EFFICIENCY**: provisional credit has allowed T-Mobile more immediate use of funds

Two Years Later... Provisional Credit without Smart Safes – Treasury Outcomes

- Provisional credit is available without incurring the cost of smart safes, reduction in expense of cash deposits.

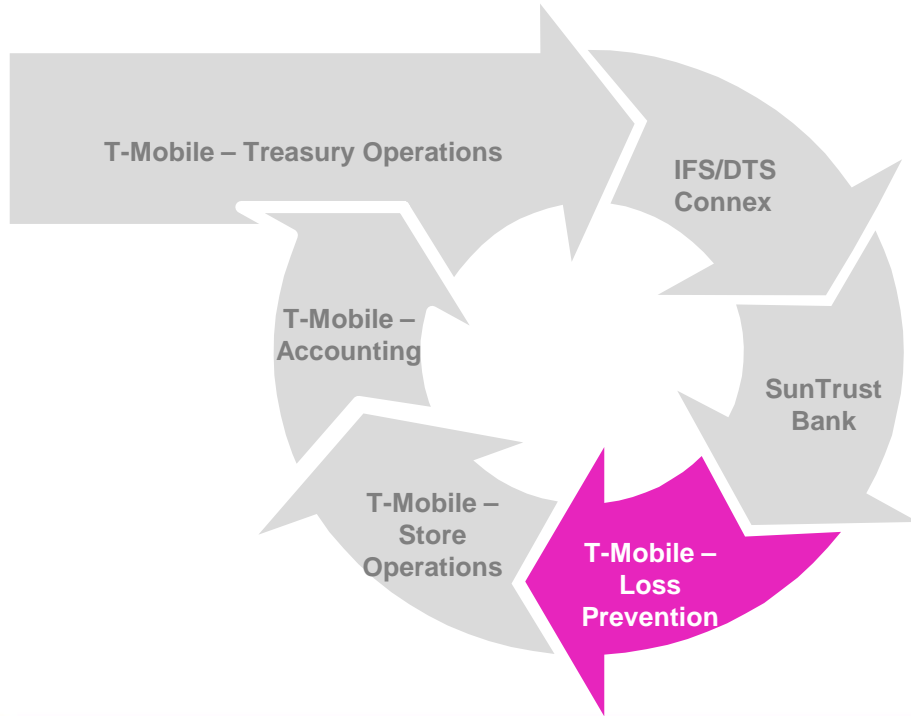
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**Additional Safe Costs
incurred implementing T-
Mobile Provisional Credit
Program**

-30% to -40%

**Potential reduction in
Armored Courier Expense
(based upon a conservative
pick-up schedule)**

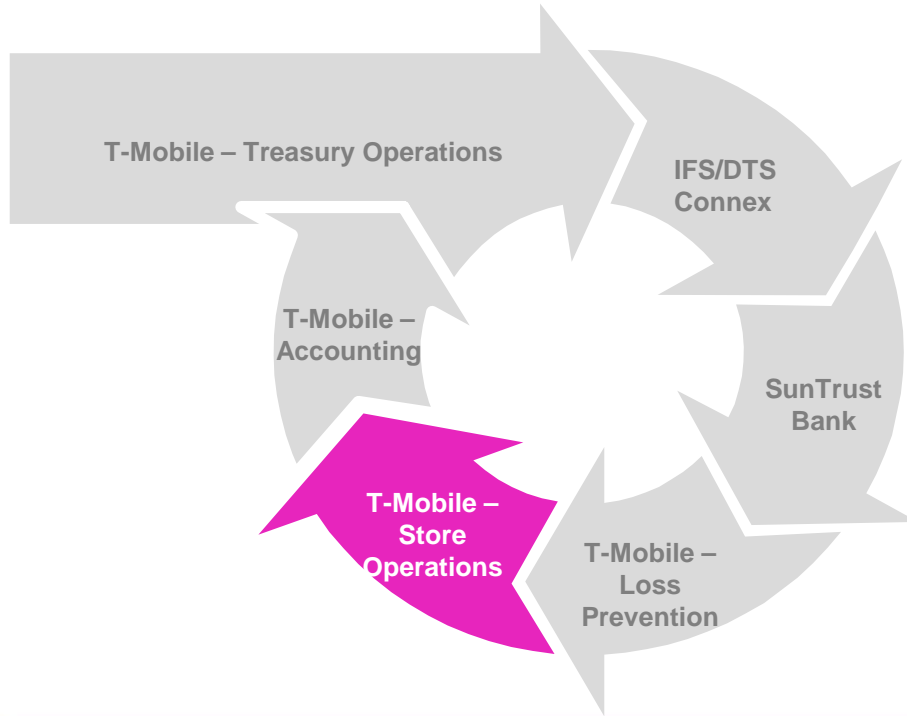
Two Years Later... Provisional Credit without Smart Safes – Other Perspectives



T-Mobile – Loss Prevention

- With more deposits in the safe there is there an increased risk for theft
 - Treasury partners with Loss Prevention and Sales Operations to select stores with lower risk profiles for armored courier reduction

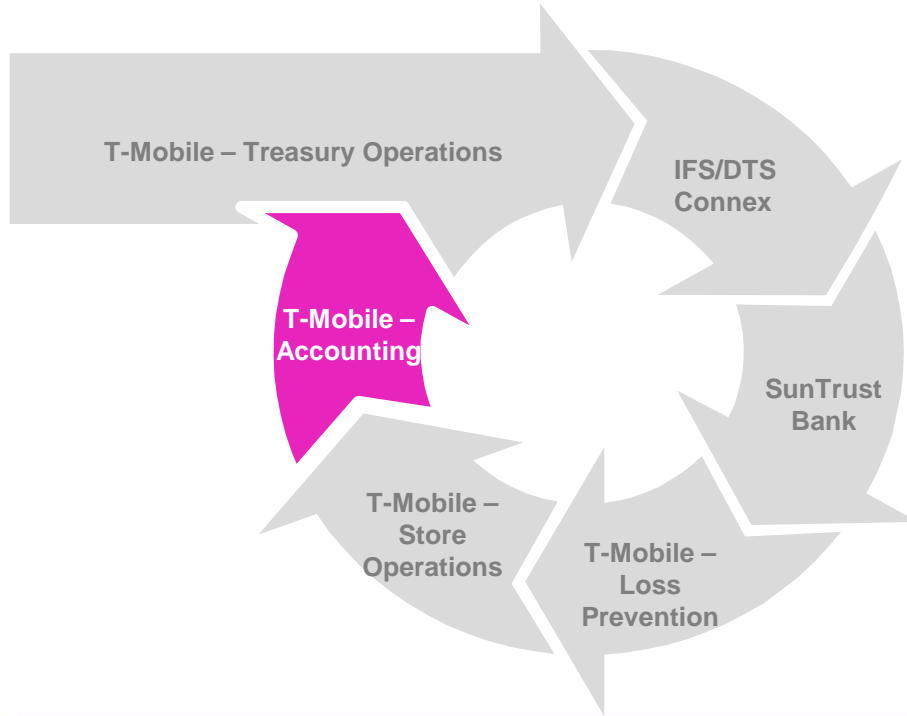
Two Years Later... Provisional Credit without Smart Safes – Other Perspectives



T-Mobile – Store Operations

- **Change orders: decreased armored courier service days means fewer days where change can be delivered**
 - T-Mobile stores average about one change order per week
- **Fewer days of service magnifies the effects of a missed pickup**

Two Years Later... Provisional Credit without Smart Safes – Other Perspectives



T-Mobile – Accounting

- Cash in transit is higher since cash is still booked when bank verifies the deposits

Questions & Answers

Thank You!

Appendix

How a Deposit Creation and Tracking System Works

Retail Manager at your store location – Daily Deposit Entry:

Home Create Manage Analyze & Report Local Admin Admin Training

Hello, Customer Location from Customer

DTS Deposit Wizard

Step 1-2-3-4

Cash	
Value of \$1 Bills:	
Value of \$2 Bills:	0
Value of \$5 Bills:	0
Value of \$10 Bills:	0
Value of \$20 Bills:	0
Value of \$50 Bills:	0
Value of \$100 Bills:	0
Coin	
Value of Coins:	0

Totals	
Total Cash Amount:	\$0.00
Total Coin Amount:	\$0.00
Total Checks Amount:	\$0.00
Total Coupons Amount:	\$0.00
Total Foreign Amount:	\$0.00
Total Deposit Amount:	\$0.00

Deposit Details	
Date of Sale:	9/29/2016
Sales Type:	Regular

Food Stamps (Coupons)
Not Available

<< Back Calculate Clear All Finished

Manager keys in deposit information, which can be verified against POS system to mitigate risk/fraud

- A 10-digit identification number is generated for each transaction
- Manager prints the deposit advice and places in deposit bag with cash/checks for armored courier pick-up
- Deposit is processed by bank, updated in system, and unique identifier is placed in BAI file for your organization

System automatically totals deposit and captures date of sale