

LOSS CONTROL TOPIC

ATM/NIGHT DEPOSIT SECURITY

According to the 2007 ATM Fact Sheet published by the American Bankers Association, the first Automatic Teller Machine (ATM) was a cash dispenser installed at Chemical Bank in Long Island, New York in 1969. The first full service ATM was installed at Citizens & Southern National Bank in Atlanta, Georgia in 1971. Since then, over 400,000 ATMs have become operational in the United States servicing over 10 billion customers yearly with over 2,000 transactions per ATM per year. ATMs have become an integral part of American commerce, handling over 26 % of all banking transactions. These transactions take place not only at branch locations, but virtually everywhere that consumers need access to cash; supermarkets, service stations, merchants, airports, etc.

Virtually every depository financial institution also offers customers access to a night deposit box at their branch locations. U.S. Department of Justice statistics indicate that the number of ATM/Night Deposit robberies is less than 1 in 3.5 million transactions, however, these incidents tend to generate a high level of media exposure and high jury verdicts for depository institutions found to be lacking in security.

An examination of court opinions and state statutory regulations reveals a general consensus of what should be done to best provide customer security:

- ATMs and Night Deposit Boxes should be located in a strongly illuminated area that is highly visible to the general public



- A machine location facing a public street with a high level of pedestrian and vehicular traffic is recommended as it provides natural surveillance
- Landscaping, such as trees and shrubs should be trimmed back to avoid obstructing the view of the location and providing seclusion for criminals
- There should be no artificial obstructions placed in the clear line of view of any ATM/Night Depository
- Parking spaces for walk up ATMs should be close to the machine and clearly marked for this use
- Digital surveillance cameras should be positioned in order to provide a clear view of the entire ATM/Night Depository location and be operational 24/7. This equipment should be regularly inspected by professionals under a service agreement. Conspicuous signs should be posted advising of the existence of the constant video surveillance
- Local law enforcement officials should be requested to provide marked car drive-through inspections of the property on a regular basis, particularly at night
- Consideration should be given to contracting with a private security firm to provide appropriate additional physical surveillance of the property
- Local crime statistics should be obtained from law enforcement officials, at least on an annual basis, and appropriate adjustments made to the level of security provided if needed
- For ATMs located in the interior of malls or other retail establishments, care should be taken to assess the level of security provided and the quality of the surveillance.
- As a general rule of thumb, the level of security provided at any location should be equal to, or greater than, that provided to any other ATM/Night Depository facilities in the area

Consideration should also be given to providing customers with precautionary information regarding the use of your ATM or Night Deposit facilities. It is suggested that any customer informational material should include the following:

- Prepare all paperwork, such as deposit slips, at home, before doing any transactions at the ATM/Night Deposit

- Be aware of the surroundings and look for any suspicious activity before entering the area
- Leave all car doors locked and all windows up, except the driver's window
- Keep the vehicle running while doing the transaction and remain inside
- Do not wait to count money or inspect receipts, rather, proceed to a secure area and then verify the transaction
- For walk up ATMs, follow the precautions above regarding paperwork and inspecting the area. Have a companion with you whenever possible. Shield your transaction from onlookers and do not reveal your personal identification number (PIN). After completing your transaction, immediately leave the area

It is suggested that this information be provided to customers in written form, on ATM screens, on any receipts and in statements.

Source Materials

U.S. Department of Justice, Office of Community Oriented Policing Services, Series 8, 2008.
www.cops.usdoj.gov

The American Banking Association, ABA Educational Foundation – ATM Safety Tips
www.ABA.com

FDIC Consumer News, spring, 2004 www.fdic.gov/consumernews

National Association for Bank Security, Ft. Lauderdale, Fla., 2004 www.banksecurity.com

American Law Institute, The Restatement of Torts (Second), Section 344

Pinsunneault, et al v. Merchants and Farmers Bank, et al, 738 S2nd 172, 1999

These guidelines are intended to offer general suggestions for follow up and should not be considered a substitution for legal or qualified security advice and you are strongly urged to seek professional help in these areas.

Copyright 2009, FinSecure, LLC