



# BANKERS

M A G A Z I N E

January/February 1996

Vol. 179, No. 1

## BANK SECURITY

**Bank Secrecy Act Compliance in the 1990s: Banking Industry Efforts Are Rewarded**

John J. Byrne

*Recent legislative and regulatory changes to the Bank Secrecy Act and its regulations have eased the banking industry's regulatory burden.*

15

**Protecting Information Assets: The Impact of Personal Computers and Public Communications Networks on Banks' Computer Security**

Stan Mork

*By implementing adequate PC and Internet security procedures, banks can protect their financial data.*

23

**ATM Safety and Security: Do You Know Where Your Customer Is Tonight?**

H. Ray Ellis

*Banks should implement a comprehensive ATM security program to prevent ATM crime.*

31

**Financial Institutions and Detect Fraud**

W. Steve Albrecht

*When bank management fails, the opportunities for fraud increase.*

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**Warren, Gorham and Lamont  
The Bankers Magazine**  
January/February 1996

**So Many Checks, So Many Problems: How to Check Fraud Abuses**

Bruce P. Brett

*The key to tackling check fraud lies in the evaluation of information regarding banks' checking accounts.*

43

**Credit Card Fraud—On the Road to Recovery**

Gary Rutledge

*The credit card industry has been successfully employing several techniques in the battle against credit card fraud.*

47

**The Logic of Strategic Management of Your Loan Portfolio: Why Knowing Where You Are Going Never Hurts**

Thomas Stanley, Craig Roger, and John Lajaunie

*Accurate credit risk forecasting providing objective information is an essential tool for loan officers and administrators.*

51

**Managing Credit Risk in a Changing Economy**

Edward C. Lawrence, L. Douglas Smith, and Susan M. Sanchez

*Portfolio managers can more accurately evaluate the credit risk of their loan portfolios using a comprehensive statistical tool.*

58



## FROM THE EDITOR'S DESK

Ken Feinleb

**Bank Security: Rising to the Challenge**

3

## CAPITAL MARKETS

Franklin J. Chu

**The Case for Bank Stocks**

5

## WASHINGTON REPORT

Karen Shaw Petrou

**Will E-Cash Lead to E-Law?**

9

## STRATEGIC PLANNING

Anat Bird

**Green Management Principles: Lessons from Alan Greenberg**

12

## CALENDAR

64

# ATM Safety and Security: Do You Know Where Your Customer Is Tonight?

*H. Ray Ellis*

It's 11 PM, and an armed criminal is observing a customer approaching one of your bank's ATMs. He looks around the area. There is red and white 911 signage and a surveillance camera, the landscaping is low, the lighting and visibility are good, and traffic is heavy. Will he rob the customer? In this case, the chances are excellent that he will move on to another location or to some other, easier crime. Can the same be said for all of the ATMs in your network? The corporate security, real estate, legal, and marketing staff at First Union are working very hard to ensure that criminals do not target First Union ATMs.

The ATM's importance in today's banking cannot be overstated. It is estimated that currently more than one third of total banking transactions occur at the ATM. It also appears that most of the major players are moving from brick-and-mortar locations to ATM kiosks in

shopping malls, airports, office buildings, police stations, parking lots, and just about any location where transaction volume would support it.

A recent snapshot article in a major newspaper titled "ATM Turns 30" related that the first primitive version was installed in England in 1965 and that an ATM had been enshrined in the National Museum of American History. It further stated that a fledgling number of 2,000 ATMs in the US in 1973 had increased to more than 105,000 in 1995.

Plans were recently announced by Visa, Diebold, and First Union National Bank concerning the deployment of Stored Value Cards for use during the Olympics later this year. These cards are to be dispersed from bank branches and card dispensing machines located throughout the Atlanta area; their use will be expanded as customer acceptance grows.

**ATM availability and use has increased dramatically during the past decade. Unfortunately, ATM crime has also increased. Banks and ATM manufacturers need to play a larger role in protecting ATM customers' safety. By implementing a comprehensive security program, banks can effectively decrease ATM crime.**

*H. RAY ELLIS is the Vice President—Electronic Banking Security Team Leader at First Union National Bank in Roanoke, Virginia.*

*There is reason to ask whether banks and ATM manufacturers are doing all they should to provide the level of protection necessary to prevent incidents in certain high risk locations.*

#### **Legal Action Prompts the Industry**

All of these applications and services are wonderful for the economy and the public. Still, in reviewing the hundreds of customer robberies and assaults at ATMs in various parts of the country over the years, there is reason to ask whether banks and ATM manufacturers are doing all they should to provide the level of protection necessary to prevent incidents in certain high-risk locations. It is reasonable to conclude that in the past, some financial institutions have not exercised sufficient care in the placement of ATMs or supplied the lighting levels and security equipment necessary to deter crimes. Today, possibly because of industry inertia, 10 states and several cities and counties have enacted ATM safety laws. Those include California, Chicago, Florida, Georgia, Louisiana, Maryland, Nevada, New Jersey, New York City, Oregon, Texas, Westchester County (New York), and Washington (state). Some common requirements of these laws are:

- A minimum of 10 foot-candles of light is required at the face of the ATM and 2 foot-candles up to 50 feet out in all unobstructed directions from the ATM face.
- A minimum of two foot-candles of light is required within 60 feet of the ATM within defined parking areas, except for Washington, which specifies only 50 feet.
- A minimum of two foot-candles of lighting is required down the adjacent side of a building wall when the ATM is placed within 10 feet of a building corner.
- All the jurisdictions, except New York City, address the presence of landscaping around ATMs, with

Florida specifically restricting the height to no more than three feet.

- Louisiana, Washington, and Oregon include the night depository in their safety requirements.
- Florida, New York City, and Westchester County require reflective mirrors.
- California, Chicago, Georgia, Nevada, Oregon, Texas, and Washington require ATM operators to consider the incidence of violent crime in the immediate neighborhood when considering ATM placement, removal, or security improvements.
- New Jersey, New York City, and Westchester County require surveillance cameras that record activity in the ATM enclosure or immediate ATM area.
- All jurisdictions require safety disclosures to customers but vary on language and disclosure requirements.

Whether we like it or not, these laws have established standards for the industry, particularly in the areas of lighting, landscaping, location, consideration of crime risk prior to placing an ATM at a new site, and awareness of ATM crimes at existing sites. Compliance with existing state laws is a prime motivator in itself, but the rising number of lawsuits filed is even more reason to establish a formal process for dealing with customer safety risks. The 1986 national survey of ATMs conducted by the Bank Administration Institute (BAI) reported that less than 1% of the 190 ATM robberies reported resulted in litigation claims. A similar BAI survey taken two years later showed that 11% of the reported ATM robberies resulted in litigation claims. The Association of Trial Lawyers of America

