

# The Top 10 Misconceptions about ATM Customer Safety

Presented By:

**GMR<sup>®</sup>**



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## **ATM/Night Depository Customer Safety Top 10 Misconceptions**

Over the two decades GMR has served the ATM and Banking industry, we have seen a number of common misconceptions concerning ATM and ND safety programs.

### **1. The Ostrich approach: The belief that an incident won't happen at your bank.**

Various studies (from the ABA and BAI) indicate that 3000 to 5500 banking customers are the victims of crime at or near an ATM or night depository every year. With these kinds of numbers it isn't a question of whether or not an attack will occur- the question is when. When this attack does occur, having an established and consistent ATM and ND safety program will maximize your position. The absence of a program creates greater exposure and could increase your bank's liability.

An on-going, 3<sup>rd</sup> party inspections program that works in tandem with your facilities department to maintain optimal safety conditions and provide-consistent documentation can minimize your exposure.

### **2. "It's not my fault.": The belief we are not liable for 3rd party criminal acts**

Every financial institution has a duty to ensure the safety of customers on its property. Laws vary from state to state, but in many states the bank and/or property owners ARE liable for criminal incidents that occur on their property. When incidents do occur on bank property it isn't uncommon for the bank to be named as a defendant in the lawsuit.

Typically, the more you have done to maximize your property conditions, the quicker, easier, and more economically you will be able to defend your bank's position. It's not what you think you know or don't know; it's what you *should have* known. A proven inspection safety program provides evidence of due diligence.



### **3. “We can’t afford it.”: The belief that a lighting inspection program is just a cost center.**

Financial institutions that focus only on the initial monetary issue are simply overlooking the long-range benefits. The costs of failing to have a program can quickly and far exceed the relatively minimal cost of a regular inspection and maintenance program. One particular bank faced two lawsuits in excess of \$9 million each. In each case this client was awarded a summary judgment exonerating them of any liability. The deciding factor was the establishment of a corporate-wide ATM/After Hours Depository inspections program.


Your bank works hard to maintain its public image. What would be the financial impact to adverse publicity if your bank is found negligent when your customer is injured while using your bank’s ATM or ND? Our customers have told us that regular lighting, signage, and landscaping inspections yield an enhanced brand image and customer satisfaction---benefits that translate to bottom line growth!

### **4. Disregarding customer safety at the Night Depository (ND).**

Who has more cash on hand in the middle of the night—an ATM customer or a customer making a Night Deposit?

Customers at the ND often have far more cash on hand than typical ATM customers. For this reason, several states have specific laws governing safety of customers using NDs. Premise liability issues can apply to an ND as easily as an ATM. Safety precaution information towards debit/credit card members typically reference night depositories. Therefore, it makes sense that efforts are being made to address safety at these devices, too. Even retailers validate the risk of transporting cash from their store to the bank by addressing safety concerns in their security procedures.

Establishing bank standards for night depository safety and lighting inspections can enhance a banks ATM safety programs.



**5. The belief that safety evaluations are unnecessary since our state does not require it.**

Customer safety is an important issue whether or not your state is regulated. In states without a specific law, a court may very well hold an ATM/ND operator to “industry standards” as a minimum...do you know the industry standards?

In some respects, operating in a state that does *not* have a specified ATM/ND safety law can be even more risky because the institution does not know which “hurdle” it must clear.

**6. “Ignorance is *not* bliss.” Misunderstanding of Legal Requirements**

Ignorance of the law is never a defense. Unfortunately, universal regulation of ATM and ND safety does not exist. The ATM and ND safety laws are state by state specific, and there are nuances to each of the state laws in effect. Add in the industry standards, and it is very easy to misunderstand which legal requirements apply to your institution, especially if your institution operates in multiple states.

It is important to make sure that any 3<sup>rd</sup> party companies assisting with your lighting inspection program stay abreast of the latest legal developments and regulation that affect your ATMs and NDs.

**7. “Is the fox watching the hen house?” Using internal resources or a lighting/maintenance vendor for compliance inspections.**

Due to the specialized nature of ATM and ND lighting regulations and standards, general lighting contractors typically do not understand essential aspects of ATM/ND lighting and can easily misinterpret the minimum requirements. Many lighting contractors are unaware of the proper plane and orientation for measuring light intensity. Many vendors don’t even use industry standard light meters or correctly calibrate their light meters.

Qualifications, experience, training, and an *unbiased* 3<sup>rd</sup> party prospective should not be overlooked or ignored.



**8. “We are not responsible since we lease the space.”**

**Managing ATMs on property not owned by the bank.**

It is important to know who the responsible party is when your organization operates ATMs or NDs on leased properties. Is the Landlord or Tenant responsible? Is it Both? Clarify what needs to be done to comply with state and/or internal standards. Defining lighting requirements and responsibilities in the lease agreement can help to avoid entanglements and misconceptions.

Pre-installation lighting evaluations will determine what is necessary to bring a lease space to proper lighting levels. This is a common and tricky area of ATM/ND lighting. You don't want to answer these questions after an incident.

**9. “It's not what you know; it's what you can prove.”**

**Improper ATM/ND program documentation.**

Did you know that state banking examiners may ask for documentation of an ATM/ND safety program and regular inspections? Performing inspections is only part of the process. Providing accurate, current and consistent documentation is essential. Given the likelihood of employee turnover or acquisition can your institution demonstrate compliance when required to do so?

Here is one major bank's perspective – “Without a proper documented process, program compliance would become inconsistent and extremely difficult to enforce. . . potentially leading to an increase in losses due to higher settlement costs, a decrease in customer safety, customer satisfaction and negative exposure to the company brand.”

Another large bank said – “Without a proper documented process, program compliance would become inconsistent and extremely difficult to enforce. Credibility of the program would thus be at risk potentially leading to an increase in losses due to higher settlement costs, a decrease in customer safety, customer satisfaction and negative exposure to the company brand.”



## **10. Ignoring due diligence in acquisitions & pre-acquisitions**

Many institutions grow through acquisition. If your institution acquires the ATM locations of another institution, you inherit the results of the quality (or lack thereof) of their ATM/ND safety program. Think of it as if buying a house—it would be prudent to require an inspection prior to closing to determine the property condition and potentially require the seller to remedy deficiencies.

On the flip side, think of it as selling a house—before you put it on the market, it is advantageous to have the house in the best condition it can be to maximize its value. If your institution were to sell, it is more attractive to a potential buyer to offer well lit and maintained ATMs, night deposits, and facilities, than one the buyer will have to try to remedy.

**GMR has experience in addressing and correcting these common mistakes and misconceptions. As the industry leader in ATM lighting compliance inspections, GMR has developed a proven methodology to help financial institutions address customer safety, comply with state regulations, meet industry best practices, and minimize risk. Discover how our programs can help you by calling 972-772-1259 or visiting us at [www.gmr1.com](http://www.gmr1.com).**