



March 16, 2017

Representative Tom Patton
Ohio House of Representatives
77 S. High St
14th Floor
Columbus, OH 43215

Dear Mr. Patton:

It has come to our attention that you are sponsoring Ohio H.B. 106, which calls for new regulations that would establish requirements for ATM installations and frequency of cash replenishments within non-bank (retail) locations. As an independent provider of best practices, including physical security, the ATM Industry Association (ATMIA) would appreciate the House's consideration of our input on this matter, in the best interests of both the industry and the state.

ATMIA is a global, non-profit trade association representing all ATM industry stakeholders, with about 8,000 members from 700 organizations in 65 countries. Established in 1997, ATMIA has authored more than 30 different best practices manuals on a variety of ATM topics, offers members access to an ATM operations learning platform, and hosts numerous committee groups to address industry issues and keep members informed.

Your February 6, 2017 Co-sponsor Request indicates that this bill is "in response to the recent Northeast Ohio [ATM] smash-and-grab crime wave." And that "Regulations such as requiring the ATM to be placed in the store along a brick or concrete wall would make it extremely difficult for the perpetrator to remove the ATM, and regulations on how the ATM is secured to the floor and how much money is kept inside the machine would serve as a major deterrent for this type of crime."

As the ATM industry migrates to EMV (chip card) technology, there is evidence that some criminals are abandoning high-tech attacks like skimming, and resorting to low-tech attacks, such as theft of the ATM itself. Proper adherence to industry best practices can reduce the risk of ATM theft. But just as no bank is theft-proof, no ATM can be made theft-proof.

The criminal has no idea whether or not an ATM is properly secured to the floor, for example – and many of them already are. We have seen cases where thieves have even used large front-loaders to steal bank drive-up ATMs, which can weigh a ton and are very securely bolted into concrete bases. Regulating how and where ATMs are installed inside a retail establishment will not create a successful deterrent to attempted theft – even if it assumed that the criminals are aware of the regulations.

However, implementing such regulations will create additional burdens and expense for the ATM operator, which could result in the loss of some ATMs, reducing consumer options for convenient access to cash. ATM operators should be encouraged to follow industry best practices – such as those contained in ATMIA's Best Practices for ATM Physical Security v3 – but be permitted to place and install their terminals in whatever manner makes the most sense for the businesses involved.

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The requirement that “. . . rules shall prefer more frequent servicing with smaller amounts of cash being provided” will have an effect exactly opposite of that intended. Prescribing an arbitrary limit on the value of cash in an ATM or requiring a reduced number of replenishments actually injects significant increases in cost and risk. Every replenishment requires bringing cash into the store and opening the ATM’s vault – at which point it is the most vulnerable to attack.

Cash replenishment is as much art as science. Keeping adequate cash in the ATM is the number one operational cost. And this is not a reference to the value of the cash, it is a reference to the costs of replenishing, transporting, accounting for, insuring, and managing the cash in that ATM. Taking away the ATM operator’s ability to manage his own replenishment schedule will guarantee an increase in out-of-cash situations for all non-bank ATMs, creating considerable inconvenience for your constituents.

Even with such restrictions in place, it is questionable how much of a deterrent it would be to a determined criminal. They don’t know today whether an ATM has \$1,000 or \$10,000 in its vault – and they steal them anyway.

In order to create a more effective deterrent to ATM theft, you may wish to instead consider the action taken by the states of Arizona, New York and others – ATM theft has been elevated to a level equal to that of bank robbery, dramatically increasing the severity of the penalty.

Our industry is a very complex one and already subject to an incredible level of regulation. Changes that may seem from the outside to be inconsequential to how an ATM operator runs that aspect of his business, can easily threaten the viability of those locations.

ATMIA hopes that the information contained in this letter will be carefully considered as part of any deliberations over H.B. 106 or similar measures. ATMIA is also happy to assist in providing additional information and input regarding ATMs and the ATM industry.

Most sincerely,



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ATMIA Government Relations Committee