



December 12, 2016

Anthony Brancatelli
Cleveland City Council
601 Lakeside Avenue
Room 220
Cleveland, OH 44114

Dear Mr. Brancatelli:

It has come to our attention that the Cleveland City Council is considering regulations that would establish requirements for ATM installations and placement within retail locations. As an independent provider of best practices, including physical security, the ATM Industry Association (ATMIA) would appreciate the Council's consideration of our input on this matter, in the best interests of both the industry and the city.

ATMIA is a global, non-profit trade association representing all ATM industry stakeholders, with about 8,000 members from 700 organizations in 66 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 issues and keep members informed.

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 ATMs are installed will not create a successful deterrent to attempted theft – even if the criminals are aware of the regulations.

However, implementing such regulations will create additional burdens and expense for many small businesses in your city, 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 their business.

Requiring the use of GPS tracking devices also serves little purpose and should be at the discretion of the ATM operator and their insurance provider. With the proper equipment, a stolen ATM can be emptied in a matter of minutes, far more quickly than law enforcement could realistically be expected to track it down.

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The proposed requirement that would have the greatest impact on ATM operators is the limitation of vault cash to \$2,000 or less. For those merchants who own their own ATM, keeping cash in the ATM is their number one 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. For those operators who essentially pay retailers to rent space for the ATM, cash is their second greatest expense.

According to the Federal Reserve, the average ATM withdrawal is just over \$100. Which means that the average ATM would have to be replenished after only 19 transactions. Most would be out of cash before the weekend was over – even if they were at capacity on Friday morning. A bank-owned ATM would likely be empty by Friday afternoon.

Your proposal will obviously create a need for an increased number of replenishments – which will also inject significant increases in cost and risk. Every replenishment requires bringing the cash into the store and opening the ATM's vault. And taking away the ATM operator's ability to manage his own replenishment schedule will guarantee an increase in out-of-cash situations across the entire city of Cleveland, 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.

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 a small merchant or ATM operator runs his business, can easily threaten the life of that business.

ATMIA hopes that the information contained in this letter will be carefully considered as part of any deliberations over new regulations for ATM operators in the City of Cleveland. ATMIA is also happy to assist in providing additional information and input regarding ATMs and the ATM industry.

Most sincerely,



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