

SUBJECT: Safety at unmanned teller machines

COMMITTEE: Financial Institutions — committee substitute recommended

VOTE: 7 ayes — Marchant, Carona, Elkins, Giddings, Grusendorf, Gutierrez,
Romo

0 nays

2 absent — Hudson, Patterson

WITNESSES: For — Gayle Vickers, Texas Bankers Association; Eric Sandberg, Texas
Savings and Community Bankers Association; Jeff Huffman, Texas Credit
Union League; Chris Williston, Independent Bankers Association of Texas

Against — None

On — Catherine A. Ghiglieri, Texas Department of Banking

BACKGROUND: Unmanned teller machines or automated teller machines (ATMs) permit
customers to transact financial business without a teller. There are more
than 90,000 ATMs in the United States, and Texans account for about 300
million transactions annually.

DIGEST: CSHB 2745 would require the owner or operator of an unmanned teller
machine (ATM) or the owner of the access area (a walkway within 50 feet
of teller machine) or parking area around the machine to provide lighting
for the machine, its access area and parking area by January 1, 1996.

The lighting required for an ATM would be 10 candlefoot power at the
face of the machine that extended outward five feet, two candlefoot power
within 40 to 50 feet of the ATM and two candlefoot power in the parking
area within 60 feet of the machine. (Candlefoot power would be defined as
the light given off by candles at a three-foot height, five feet in front of the
area to be measured.)

The owner or operator of an ATM would be required to evaluate the safety
of each machine and to include in the evaluation the consideration of

compliance with lighting requirements, the presence of obstructions to the machine, such as landscaping, and the incidence of violent crime in the immediate neighborhood as reflected in police records.

Card issuers would be required to furnish cardholders by January 1, 1996, with a notice of basic safety precautions in using the machine.

The bill's provisions would not apply to ATMs located in an area not controlled by the owner or operator of the ATM or inside a building unless the building is a freestanding structure solely to provide ATM services.

The Finance Commission and the Credit Union Commission would be authorized to adopt rules regarding the safety of ATMs. The rules would have to establish security requirements to be implemented by banks operating ATMs. The rules may require banks to install and maintain security devices in addition to those required by this bill, including video cameras and adequate lighting. Failure to comply with the rules regarding security at ATMs would constitute grounds for imposing a civil penalty.

Substantial compliance with the bill and rules adopted regarding the safety of ATMs would be prima facie evidence that a person has provided adequate safety precautions.

The bill would take effect immediately if approved by a two-thirds vote of the membership of each house.

**SUPPORTERS
SAY:**

This bill would make it safer for people to use ATMs. ATM customers run the risk of being the victims of robbery or violence because the machines are located outdoors and are not protected.

CSHB 2745 would assure that there is adequate lighting and visibility around ATMs and that cardholders are made aware of safety precautions for using ATM machines. The bill also requires the owner or operator of the ATM to be fully cognizant of the crime rates in areas around ATMs.

A number of states and cities, including Washington, Oregon, California, Nevada, Georgia, New York City and Chicago, have ATM security laws that require adequate lighting and prohibit obstruction by bushes or trees.

Any costs of safety procedures and requirements could be paid out of ATM fees. The Consumer Federation of America released a study in 1994 showing that banks made large profits from ATM fees. Financial institutions should use some of these profits to protect the public at ATMs.

OPPONENTS
SAY:

No apparent opposition

NOTES:

The committee substitute included credit unions under the act as well as the provision that substantial compliance is prima facie evidence that an adequate effort has been made to promote public safety.