

SUBJECT: Security technology at unmanned teller machines

COMMITTEE: Financial Institutions — committee substitute recommended

VOTE: 6 ayes — Solomons, Flynn, Anchia, Anderson, McCall, Orr
0 nays
1 absent — Chavez

WITNESSES: For — None
Against — Karen Neeley, Independent Bankers Association of Texas
On — John Heasley, Texas Bankers Association

BACKGROUND: Finance Code, sec. 59 outlines provisions for safety at unmanned teller machines. Current law mandates lighting at unmanned teller machines during nighttime hours, with required standards for the placement and type of lighting. Also, the owner or operator of an unmanned teller machine must evaluate and submit a report on the safety of each machine regarding the presence of obstructions in the immediate area and the incidence of violent crimes in the immediate neighborhood.

The Finance Commission and the Credit Union Commission implement and enforce the rules on safety at unmanned teller machines. The rules may require financial institutions to install and maintain security devices in addition to those currently required by law. Such devices may include video surveillance equipment and additional lighting. A financial institution that violates a rule pertaining to safety at unmanned teller machines is subject to a civil penalty ranging from \$50 to \$1,000 for each day and act of violation.

DIGEST: CSHB 1795 would allow the Finance Commission and the Credit Union Commission, in establishing security requirements to be implemented by financial institutions for the operation of unmanned teller machines, to provide for a system to enhance customer security, taking into account:

- emerging technologies;
- availability of networks to exchange information; and
- potential compliance costs for financial institutions and other unmanned teller machine service providers

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

ATM customers run the risk of being victims of robbery, a crime that represents an increasing public concern. Greater security is needed to adequately protect customers. By allowing the use of advances in technology, the bill would give customers additional protection at unmanned teller machines.

Various mechanisms exist to better protect ATM customers, including transmittal technology on ATM cards and methods for alerting law enforcement officials during a robbery. The bill would enable the Finance Commission and the Credit Union Commission to evaluate the range of mechanisms and create rules to implement those that were the most cost-effective. Such rules would result in safer and increased use of unmanned teller machines during nighttime hours.

**OPPONENTS
SAY:**

Banks should not be forced to implement security measures mandated by the Finance Commission and the Credit Union Commission. Instead, the owner or operator of an ATM should be allowed to determine how to best protect its customers from theft.

NOTES:

The bill as filed would have allowed the Finance Commission and the Credit Union Commission to create a system in which a customer would enter a personal identification number at an unmanned teller machine to notify local law enforcement agencies of the security problem and limit the amount of money withdrawn.