

Banking Automation **BULLETIN**



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Concern over rising ATM fees in the USA

Co-branded cards enter the French market

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Turkey



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Ethical dilemmas in ATM security

There is no doubt that security is one of the 'hot topics' in the ATM industry at the moment. The topic is complex because of the wide range of ways that ATMs, their users and their users' cards

are attacked, because of the rate at which fraudulent techniques are evolving, and because of the commercial and ethical trade-offs that ATM owners must make.

ATM crime broadly falls into two types – physical attacks and card fraud.

Physical attacks are the more dramatic and have the longer lasting impact with the need to repair and replace ATMs, and often also to restore the locations where the ATMs were situated. EAST estimates that the losses associated with ram raids and ATM burglary in 2006 totalled €15 million.

This figure is swamped by the astronomical level of card skimming, which is estimated at €305 million last year. The widespread adoption of EMV chip cards and ATMs in countries in Europe and elsewhere is starting to reduce the use of skimmed cards within the adopting countries. Unfortunately, however, most cards still contain a magnetic stripe which can be skimmed and then used in countries such as the USA that have not adopted EMV. With card skimming likely to be a concern for up to a decade, it is not surprising that a full range of devices that prevent skimming are being developed and deployed.

There is also an ethical dimension to this issue because while it is possible to measure the financial losses associated with ATM crime, it is much more difficult to measure the personal impact on a security guard that is attacked, or a retailer who has had his store destroyed, or a customer whose bank account has been emptied. Most banks make commercial decisions regarding ATM security prevention – only investing in countermeasures once the losses exceed the cost of prevention. If the human cost were factored in, then security measures would be adopted earlier, and the level of ATM crime much lower.

Dominic Hirsch, Editor

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