

# ATM Fraud

## Frequently Asked Questions

**1. Currently, how many ATMs are deployed in the U.S.?**

According to an estimate by Thomson Media's *ATM and Debit News*, the number of ATMs currently deployed in the U.S. is approximately 425,000.

**2. How big is the ATM market?**

One industry estimate is that there will be some 14 billion ATM transactions in the U.S. this year. ATM machines will dispense over \$1 trillion in cash to consumers.

**3. How big is the fraud problem?**

The amount of money diverted from ATM systems in the U.S. is a fraction of the amount of funds processed. It amounts to approximately 1/2 of one percent by industry estimates.

**4. Is this the industry's fraud tolerance rate?**

There is no tolerable rate of fraud. All fraud is a crime. That's why the industry for 25 years has continually invested its resources in significantly upgrading the security of its systems in an effort to stay ahead of the bad guys.

**5. How much money do consumers lose annually in ATM Fraud?**

None. Consumers lose no money when they are victimized by ATM fraud. Consumers' financial institutions continue to indemnify cardholders by assuming liability for all losses consumers suffer when ATM crime occurs.

Financial institutions continue to have a high degree of confidence in their ATM systems and networks, and they are willing to back that confidence. Of course, it is incumbent on consumers to observe basic safety procedures when using an ATM or ATM card, and to follow the instructions of their card-issuing financial institutions should they suspect that they have become the victim of ATM fraud.

**6. What are those procedures that consumers should follow?**

Pay attention to the machine and your surroundings before you use it. If you see something that appears unusual or with which you are not familiar use another machine. Don't use a machine if you're not comfortable. Be wary of people around the ATM trying to help you with your transaction. Do your automated banking in a public, well lighted place. Watch out for people looking over your shoulder when you're using the ATM. Check your bank statement each month, as well as your balance, and report any problems. Never write your PIN down or give it to someone. Don't leave your wallet on the front seat of your car, and don't keep re-entering your PIN number if an ATM "eats" your card. There are simple precautions consumers can take to protect themselves no matter what payment systems they use.

7. **Are ATM transactions becoming too dangerous?”**

No. All payment systems are subject to fraud. Currency can be stolen or counterfeited. Checks can be stolen and cashed, counterfeited, or kited.

If anything, ATM transactions, like most forms of electronic payments, create an electronic audit trail that can provide valuable information in tracking and prosecuting ATM fraud. That’s different than someone stealing your tax-refund check from your mailbox.

8. **What steps is the financial industry taking to combat ATM Fraud?**

The financial industry—ATM manufacturers, ATM networks, financial institutions, processors, service organizations and deployers—continues to look for ways to upgrade the security of ATM operations. This includes hardware design, software, operating procedures and network regulations.

Industry groups, such as the Electronic Funds Transfer Association, in conjunction with the ATM Industry Association and the U.S. Secret Service, have launched high profile collaborative efforts to address the problem of ATM fraud.

A number of companies have developed systems that analyze millions of ATM transactions in real time and identify suspicious activity and have provided key evidence in prosecuting fraud.

The fact is that over the last 25 years no industry operating in a high-volume, secure-data environment has a better record of securing and protecting consumer data than the financial industry.

9. **But aren’t so-called “off-premise” ATMs or ATMs not owned by banks more likely to be compromised by fraud than bank-owned ATMs?**

Not really. First, off-premise, or independently owned ATMs, are subject to the same network rules that govern machines that are owned by banks.

Second, in order to be connected through an ATM network, non-bank owners of ATMs must be sponsored by a financial institution. The financial institution is responsible for maintaining the same fidelity for those machines as for its own.

Third, many off-premise ATMs are deployed in retail businesses, in clear view of clerks or proprietors.

10. **Is the problem of ATM crime growing?**

What continues to grow is ATM usage. Consumers have come to rely on the reliability and ubiquity of ATMs. ATMs have become part of modern life. It is understandable that as the number of transactions rise, the number of fraud occurrences will rise as well. But it would not be accurate to say there that ATMs have become more susceptible to fraud.

**11. If ATM fraud has not changed, why is there such an increased focus on it now?**

What has changed is the nature of ATM fraud. It's no longer just someone shoulder surfing or robbing a consumer walking away from the machine. Now it may involve elements of organized crime—people who study the industry for years in order to perpetrate a systemic pattern of fraudulent activity.

However, this is an industry that for 25 years has successfully stayed ahead of the bad guys. This is a competitive industry. The race for market leadership continues to produce safer machines, more secure software and better operating rules to protect all consumers.