To: EFTA Members

From: Kurt Helwig, President & CEO
        Dennis Ambach, Legislative & Regulatory Council Chairman

Date: May 12, 2010

Re: Regulatory Update — ATM Emergency PIN Study

Last Friday, the Federal Trade Commission (FTC) issued its study on emergency PIN technology for ATMs, as required by the CARD Act. You may click here to access the full report. EFTA believes the study provides strong arguments against Congress or any state or local legislative body mandating emergency ATM PIN technology.

The FTC consulted with the Department of Justice, the Secret Service, law enforcement and various industry stakeholders (including EFTA and ATMIA) in order to ascertain the cost-effectiveness and viability of an ATM mechanism (emergency PIN or independent alarm button) that would alert law enforcement should an individual be in duress at the ATM. FTC staff also tried to determine the number and severity of actual crimes at ATMs. The report clearly stated that robust, empirical data on all aspects of the study were in small supply (it largely relied on anecdotal evidence).

Based on the data received, the FTC concludes that "the benefits of these ATM security technologies might not exceed the associated costs. At the same time, this anecdotal evidence does not allow for any definitive conclusions regarding the efficacy of emergency-PIN or alarm button systems to affect ATM crimes." However, its findings suggest that such technologies:

- may not deter any type of ATM crime, and in some instances may actually increase the risk of danger to ATM customers

- might entail banks incurring non-trivial costs for their deployment

- could result in at least some false activations that might lead to the inefficient allocation of police resources

The FTC report was thorough even though the staff was hampered by the lack of empirical data on costs and actual crime at ATMs. Prospects for Congress to act on this issue any further are dim at best. However, EFTA will continue to monitor the state legislatures and local governments.