

**SHEDDING LIGHT ON AN ATM COMPLIANCE  
CONCERN THAT CAN HELP COMMUNITY BANKS  
AVOID LAWSUITS AND EVEN SAVE LIVES**





# ATM

## Lighting Audits

**B**URIED DEEP IN THE TEXAS FINANCE CODE is a major compliance requirement unknown to many bankers. Failure to comply can result in a nasty audit write-up or even a monetary fine. But these are small potatoes compared to the worst that could happen. The bank could lose millions in a lawsuit if a customer is robbed or assaulted at an ATM at night. The requirement reads:

#### SUBCHAPTER D:

#### SAFETY AT UNMANNED TELLER MACHINES

#### Sec. 59.307: STANDARDS FOR LIGHTING

The lighting must be at least:


- (1) 10 candlefoot power at the face of the unmanned teller machine and extending in an unobstructed direction outward 5 feet;
- (2) two candlefoot power within 50 feet from any unobstructed direction from the face of the machine;
- (3) if the machine is located within 10 feet of the corner of a building and is generally accessible from the adjacent side, two candlefoot power along the first 40 unobstructed feet of the adjacent side of the building;
- (4) two candlefoot power in the part of the defined parking area within 60 feet of the unmanned teller machine.

So what does all this regulatory jargon mean? Candlefoot power? Unobstructed direction? Defined parking area? *Seriously?* You're a banker, not a lighting engineer!

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*By Paul Paris*



**A** N ATM MUST HAVE MINIMUM LIGHTING within 50 feet surrounding it, with the brightest lighting within 5 feet of the machine. Candlefoot power refers to the amount of light at any particular point and is recorded by a light meter. A candlefoot reading of 10 equates to a significant amount of light in the immediate area where the customer makes his or her transactions.  Why do so many banks fail to meet the minimum lighting standards and put customers at increased risk? **IMPROPER BUILDING DESIGN:** A surprising number of banks are out of compliance as soon as the branch opens its doors for business. Architects and builders often do not know the lighting code and fail to install the correct lights or lighting schemes; **LACK OF LIGHTING KNOWLEDGE BY THE BANKER:** The folks in the bank lend money, cash checks and open new accounts. They know little about the different kinds of lights and where to place them; and **IGNORANCE OF CODE STANDARDS.**

With more than 30,000 robberies at ATMs occurring every year, community banks must do everything possible to protect their customers. How is the landscaping? Are there large bushes or tall hedges for robbers to use as cover? What about concealment items such as dumpsters, dark building alcoves or fences near the ATM? The bad guys love these things.

A bank cannot prevent a robbery, but it can reduce the chances of one significantly by having the required lighting audit performed and avoid the potential of a costly lawsuit, not to mention a dangerous environment for your customers.

✦ **ATM LIGHTING STANDARDS** ✦

**I**n addition to complying with the Texas Finance Code, maintaining adequate lighting provides increased customer safety and the potential for financial losses due to litigation. But proper lighting

on the exterior of your bank also appeals to customers because it enhances the property's appearance.

**CUSTOMER SAFETY:** Consumers are becoming increasingly safety conscious when using ATMs, especially after dark. When a property is too dark or presents other safety concerns, customers will go elsewhere to transact their business. Customer safety is paramount, whether the bank is in a rural area or located in a large metropolitan city.

**LITIGATION LOSSES:** Litigants seeking millions of dollars may receive little or no monetary compensation when the lighting is in compliance with the Texas Finance Code. Courts tend to rule in favor of a financial institution if it has attempted to adhere to the state standard, exercised due diligence and used a disinterested third party to assess the bank environment through a professional audit.



**AN UNTRIMMED TREE AND OVERGROWN BUSHES ARE TOO CLOSE TO THE ATM. THEY PRESENT AN ENTICING CONCEALMENT FOR ROBBERS AND OBSCURE THE MACHINE'S VIEW FROM THE STREET.**



THERE ISN'T NEARLY ENOUGH AMBIENT LIGHT TO MAKE THIS ATM SAFE AT NIGHT.

**APPEARANCE:** A well-lighted, properly maintained facility appeals to customers. A property with excellent lighting not only bolsters customer confidence in the bank, but sets an example for others. At a time when competition is keen, a pleasing appearance may be a key factor in attracting new customers and maintaining valued, established account holders.

Following a lighting audit, the number-crunching may lead to changes to existing lighting schemes. Often the addition of a single light source will correct a lighting deficiency; however, additional measures may be necessary.

PROPERTY SECURITY

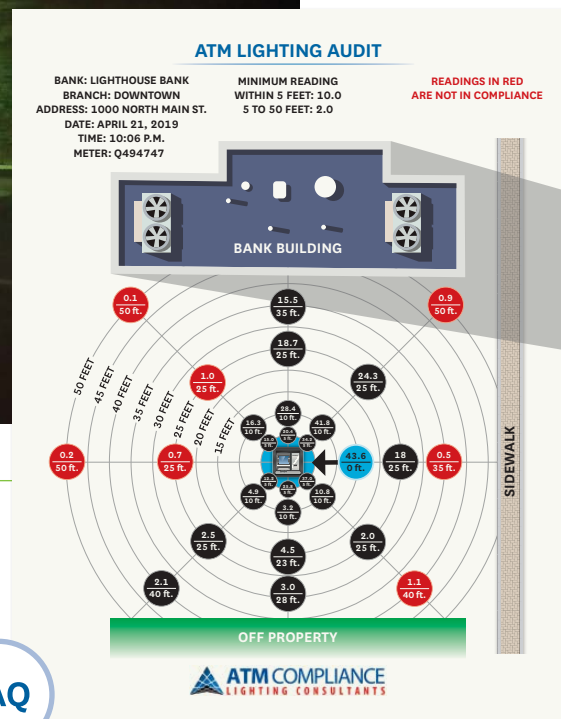
**E**valuating and maintaining established lighting standards is only one component of an ATM security program. Additional aspects include developing and maintaining landscaping standards to prevent concealment of thieves, and the identification of obstructions that may present an unsafe environment for customers.

**LANDSCAPING:** OK, so your bank has great lighting and you can easily pass a lighting audit. But your efforts are somewhat wasted if the property has overgrown landscaping near the ATM. Consider this excerpt from the Texas Finance Code:

Section 59.307: (2) the presence of obstructions, including landscaping and vegetation, in the area of the machine and the access area and defined parking area for the machine.

A few state codes issue specific landscaping guidelines, but the Texas Finance Code is vague on that front. So, what's a banker to do to make his or her customers safer? The following guidelines have been adopted by every major bank in the U.S.:

- ▶ No vegetation taller than 24 inches is allowed within 10 feet of the ATM or night depository.



FAQ

## ATM Lighting Audits

### WHAT IS AN ATM COMPLIANCE LIGHTING AUDIT?

An audit is a set of lighting samples within the access area (50 feet) of an ATM or night depository to determine if the ambient light meets state standards.

### WHY DOES MY BANK NEED AN AUDIT?

Monetary fines may be assessed if the bank is out of compliance. Most importantly, proper lighting helps protect the customer from robbery.

### HOW OFTEN DO I NEED AN AUDIT?

Most banks have their audits conducted annually, but some conduct quarterly or semi-annual audits.

### HOW MUCH DOES A AUDIT COST?

Prices vary within the industry; however, some companies charge too much and include services not needed. *Do not overpay for a lighting survey.*

### CAN I DO MY OWN AUDITS?

It's not recommended. Sometimes, unusual situations are encountered and a bank may not be familiar with established audit practices. Even if you have the proper equipment, a lack of expertise may prevent an accurate lighting assessment. An audit by a professional, unbiased third party will present no conflict of interest for the bank.

### DOES MY NIGHT DEPOSITORY NEED A SURVEY?

The Texas Finance Code only requires a survey for the ATM. However, it's prudent to audit the night depository, as well, since it's a focal point for large amounts of money. It's also the focal point of robberies.

One very large national bank rarely allows its vegetation to exceed 24 inches within 50 feet, resulting in a very clean appearance at its locations.

- ▶ No vegetation taller than 36 inches is allowed between 10 feet and 50 feet of the ATM or night depository.
- ▶ Trees within 50 feet of the ATM or night depository should be trimmed to a minimum height of 6 feet above the ground. Be cautious and don't allow trees to block compliance lighting. Another sizable national bank requires its trees to be trimmed a minimum of 10 feet above the ground. This may be a little over-the-top, but certainly is a great safety feature.
- ▶ Consider this wording from the Louisiana Finance Code: No bushes or shrubbery exceeding 1 foot in height shall be planted within a 15-foot radius of the access facility.

**OBSTRUCTIONS:** Chances are you walk past obstructions on your bank's property every day and pay no attention to them. We grow accustomed to seeing dumpsters, large clothing donation boxes, fences, mail boxes and countless other obstructions that robbers love to use as cover. If you can't rid the prop-



**THE DUMPSTER AND FENCE PROVIDE ROBBERS WITH A PERFECT PLACE TO HIDE.**

erty of obstructions, at least install a light or two to prevent the bad guys from using them to rob your customers at night.

One major problem with the vast majority of banks is that no one looks at his or her branches at night. When the drive-through teller pulls the shade down at 6 p.m. and walks to her car, no bank employee comes back after dark to observe the property. If you haven't visited your bank property at night, you might be surprised or even shocked. Several key lights could be inoperative and previously undetected hiding places could be discovered more easily in darkness. Management must take an active role in evaluating nighttime security.

As a final check of your current ATM lighting set-up and the safety it should provide for customers, ask yourself the following questions:

- ▶ Do my customers feel safe at night?
- ▶ How often do I check the lights around the ATM?
- ▶ Do my customers want to use our ATM or do they choose another bank with better lighting?
- ▶ If one of my customers is robbed, assaulted or killed at my ATM, can I afford a lawsuit? ★

*Paul Paris is the owner of Dallas-based ATM Compliance Lighting Consultants (atmcompliancelighting.com). The company's surveyors have performed more than 3,000 audits for major banks in 22 states. In Texas, they perform audits in compliance with the requirements of the Texas Finance Code. Contact Paris at 972/658-4667.*

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