

ABCs of ATMs

By Bankrate.com

What did we do without the ATM? They've changed the way we live, but it's important to think about fees and security when you use them.

The automated teller machine (ATM) has been around for a while, and it's made life easier for consumers. But we shouldn't get so comfortable with them that we ignore commonsense behavior. In this chapter, you'll learn about the high fees you could incur for using an ATM out of your bank's network, how secure your ATM deposits are and when they are credited to your account, and how debit cards differ from ATM cards.

ATMs can be found all over the globe. They make cash available 24 hours a day, seven days a week. In addition to withdrawing money, you can check account balances, transfer money between accounts or deposit funds into an account. As technology advances, you'll see automated teller machines featuring a wider array of functions such as online bill payment.

Open a checking account and you'll be given an ATM card so you can siphon money out of your account without writing a check or using a teller. For decades, the cards could be used only at ATMs. But in recent years they've been given another function, a debit feature, so you can also use the card to pay for purchases.

As a debit card it will have a Visa or MasterCard logo and can be used anywhere Visa or MasterCard is accepted. Unlike a credit card, where you pay for your purchases once a month when you receive a statement, purchases paid for with a debit card are deducted directly from your checking account. We'll delve into debit cards later in this chapter.

ATMs provide convenience, and convenience almost always has a price tag. Fees are the price you pay for using an ATM that's convenient but doesn't belong to your bank. You can avoid having fees drain your account by planning ahead.

If you have an account with Bank of America, you may never need to look very far for an ATM owned by Bank of America. But if a community bank, or even a regional bank, is more your style, you won't find one of their ATMs on every other corner. Try to withdraw enough money from your paycheck to last until the next payday. If you are running low, make an effort to stop at your bank's ATM to refuel your wallet -- before you really need the cash.

It's rare, but ATMs do malfunction from time to time. The article "When ATMs malfunction" can be useful if the ATM eats your card.

One caveat, where there is money, there are criminals. Bankrate's article, "Skimming the cash right out of your account," can help you avoid phony ATMs. Also, read "10 consumer tips for ATM safety and security," to avoid potentially dangerous situations.

10 Consumer Tips for ATM Safety and Security

By Laura Bruce • Bankrate.com

ATMs are a great convenience, but they can compromise your safety. A robber looking for easy prey only has to stake out an ATM in a low-traffic, dimly lit area and bide his time. There is no central repository for statistics on ATM crime, but reports of ATM robberies frequently can be found in just about any local newspaper. Cash machines at banks are probably the safest bet, but that doesn't mean you have to steer clear of the ones at malls, airports and sports venues. You can avoid becoming a victim by using some good old common sense and by planning ahead for ATM withdrawals.

The Electronic Funds Transfer Association and the Los Angeles Police Department have provided some great tips for making sure your visit to the ATM is uneventful.

ATM safety tips

1. Always pay close attention to the ATM and your surroundings. Don't select an ATM at the corner of a building -- corners create a blind spot. Use an ATM located near the center of a building. Do your automated banking in a public, well-lighted location that is free of shrubbery and decorative partitions or dividers.
2. Maintain an awareness of your surroundings throughout the entire transaction. Be wary of people trying to help you with ATM transactions. Be aware of anyone sitting in a parked car nearby. When leaving an ATM make sure you are not being followed. If you are, drive immediately to a police or fire station, or to a crowded, well-lighted location or business.
3. Do not use an ATM that appears unusual looking or offers options with which you are not familiar or comfortable.
4. Do not allow people to look over your shoulder as you enter your PIN. Memorize your PIN; never write it on the back of your card. Do not re-enter your PIN if the ATM eats your card -- contact a bank official.
5. Do not wear expensive jewelry or take other valuables to the ATM. This is an added incentive to the assailant.
6. Never count cash at the machine or in public. Wait until you are in your car or another secure place.
7. When using a drive-up ATM, keep your engine running, your doors locked and leave enough room to maneuver between your car and the one ahead of you in the drive-up line.
8. Maintain a supply of deposit envelopes at home or in your car. Prepare all transaction paperwork prior to your arrival at the ATM. This will minimize the amount of time spent at the machine.
9. Closely monitor your bank statements, as well as your balances, and immediately report any problems to your bank.
10. If you are involved in a confrontation with an assailant who demands your money, COMPLY.

Skimming the cash out of your account

By Laura Bruce • Bankrate.com

A sharp-eyed customer making a transaction at an ATM outside a Boca Raton, Fla., Bank of America branch noticed a gap behind the metal faceplate of the ATM. A closer look revealed double-sided tape was all that kept the faceplate in place. Thinking it looked a tad suspicious, the customer gave a yank and the faceplate came off in his hands.

What the man had discovered was an ATM skimming device. Slide your ATM card into a skimmer and it will read all the account information stored electronically on the magnetic stripe, plus, depending on the sophistication, record your personal identification number, or PIN, as you punch it in on the ATM keypad.

Next thing you know, your checking account is notably lighter.

ATM skimming devices come in two flavors: ones that interfere with the ATM operation and ones that don't.

The skimmers that interfere with the ATM operation are a bit easier to detect because even though customers insert or swipe their cards, it's not the ATM's card reader so the ATM isn't actually being used and the customer isn't getting any money.

That was the set up in the Boca Raton incident.

"They probably cased several ATMs at different banks, looking for an ATM face that they could build," says Detective Pedro Palenzuela of the Palm Beach County Sheriff's Office.

"They used a grayish, fabricated metal container that looked like the same material. It was shaped to fit on the ATM but inside was a small laptop computer. It prompted the customer with a touch-screen instead of a keypad. The ATM had a card reader next to it.

"There was also a sign that said the ATM instructions had changed. The customer would swipe their card and would be prompted -- 'Welcome to Bank of America.' It had all the instructions Bank of America would have. The customer would slide their card and the computer captured the information, saving it to the hard drive and storing the PIN.

"Then the customer would see a screen that says, 'Thank you for using Bank of America. There has been a malfunction.'

"It was a pretty good scam," says Palenzuela.

In other skimming cases, the thieves don't interfere with the normal operation of the ATM. The skimmer is placed over the card reader but doesn't block off the reader, and the customer gets money when making a withdrawal.

Thinking Thieves

The bad guys are efficient and competent, says Rob Evans, marketing director at NCR, an ATM manufacturer.

"They're not idiots or drug-addled junkies trying to get \$20. They're consummate businessmen. They adjust for the last countermeasure that we put in place. We build the wall higher, but they keep coming back with taller ladders."

It's hard to pin down numbers on just how pervasive skimming is becoming. It's been happening since the late '90s but has become more popular with the criminal element with the advent of smaller computing devices.

It can happen not just at ATMs, but also at cash registers when you make a purchase. Pay your restaurant tab with a credit card and you have no idea what the waiter might be doing with the card when it's out of your sight.

But skimming at ATMs can be much more damaging because of the number of accounts and the amount of money that can be quickly accessed.

Kurt Helwig, executive director of the Electronic Funds Transfer Association, which is spearheading a task force to tackle the problem, says criminals are willing to invest some time and money in skimming frauds because of the potential bounty.

"Twenty years ago, we defined ATM crime as someone getting hit over the head and having their money stolen. Then it was shoulder-surfing, watching someone punch in their PIN and leaving their receipt behind. This is the next step. It's not just a one-on-one robbery. There's a lot of money involved."