



Recommended Settlement/Vault Cash Account Guidelines for U.S. ATM Operators

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Introduction & Summary

“Cash-intensive businesses” – as that term has been defined by financial regulators – include independent owners and operators of automated teller machines (ATMs), and businesses (such as ATM Vault Cash Providers, or AVCPs) that often supply the cash that is loaded into, and dispensed from, such ATMs.

To provide the services that such ATMs offer to the public, providers must have bank accounts from which they supply vault cash for the ATMs, and into which they can direct the deposit of the electronic funds transfers used to effect the settlement of virtually all ATM transactions. Because of the large volumes of cash used in their businesses, independent ATM owners and operators are subject to heightened scrutiny in their dealings with the insured banks and other financial institutions at which they maintain deposit accounts. The accounts of all cash-intensive businesses are subject to detailed requirements imposed by the federal Bank Secrecy Act (BSA), including scrutiny under Anti-Money Laundering (AML) programs that the BSA requires all depository institutions to adopt and enforce.

Such scrutiny includes requirements that those institutions: verify the identities and backgrounds of the holders of all such accounts; understand those depositors' businesses, including their respective source(s) of funding and the anticipated volumes of currency to be used in their business operations; and thoroughly understand the uses and purposes of their deposit accounts.

The new industry Guidelines have been developed to ensure that the accounts of independent ATM businesses are maintained and operated in a manner that will provide a level of enhanced transparency and trackability for ATM vault cash/settlement accounts that will eliminate any legitimate concerns that otherwise might arise from providing banking services to such businesses.

Recommended Settlement/Vault Cash Guidelines for U.S. ATM Operators (Guidelines)

The Board of Directors of NAC, in consultation with NAC members and its counsel, developed the following Guidelines, which provide a set of reporting and operating procedures for ATM businesses, as bank depositors, to follow in the management and operation of deposit accounts that are used to provide the cash that is loaded into ATMs and dispensed from those machines. The practices and procedures incorporated in the Guidelines are intended to facilitate the proper conduct of due diligence by the financial institutions where the deposit accounts used to fund ATMs are maintained.

By specifically enumerating the data and information that the holders of such accounts – whether ATM owners/operators or AVCPs – are regularly required to compile and provide to their depository banks, the Guidelines are intended to ensure that those banks will have the information they need in order to comply with their obligations under BSA/AML statutes, regulations, and guidance; and, then, appropriately document such compliance for their examiners and regulators.



Definitions

1. Definitions

- A. ATM Cash Balance – the amount calculated in accordance with Paragraph 4 hereof.
- B. ATM Operator – a natural person or an entity engaged primarily in the business of owning, leasing, managing, or otherwise controlling access to the interior of, an ATM, including its internal cash vault. The term ATM Operator does not include, and is not intended to refer to, persons or entities that are engaged primarily in the business of owning or operating retail establishments and that also may own, lease, control access to the interior of, or load cash into, one or more ATMs on the premises of such establishments.
- C. Automated Teller Machine (“ATM”) – an unmanned device deployed within the continental U.S. and U.S. territories, to offer consumers access to cash, respond to bank account balance inquiries, and in some cases provide other banking services.
- D. Independent Sales Organization (“ISO”) – a natural person or an entity that is (i) approved by, and under contract with, a Sponsor Bank to deploy and service ATMs, and (ii) under contract with an approved acquiring processor to route ATM transactions to those networks for which the ISO has been registered by the Sponsor Bank.
- E. Settlement Account – the deposit account established pursuant to Paragraph 3 hereof.
- F. Settlement Bank – the financial institution at which any Settlement Account is established.
- G. ATM Vault Cash Provider (“AVCP”) – a natural person or an entity, which may include an ATM Operator, that owns the cash that is loaded into and dispensed from an ATM. The term ATM Vault Cash Provider does not, and is not intended to, refer to persons or entities that are engaged primarily in the business of owning or operating retail establishments and that also may own, lease, control access to the interior of, or load cash into, one or more ATMs on the premises of such establishments.
- H. Sponsor Bank – a financial institution that is a principal member of one or more electronic funds transfer networks having a program to allow registration of ISOs for authorized access by ATMs to such networks.



Current Practices

2. To comply with these Guidelines, ISOs, ATM Operators, and AVCPs shall, as applicable:
 - A. Subject themselves to and comply with such underwriting as is performed by Sponsor Banks on ATM Operators and AVCPs, in accordance with each such Sponsor Bank's policies and procedures.
 - B. Deploy their ATMs in accordance with the terms of a customary agreement with their Sponsor Banks or their sponsored ISOs, and conduct their operations in compliance with all applicable requirements imposed upon the operation and ownership of ATMs by (i) their Sponsor Bank(s); (ii) ISO(s), if any, with which they contract; (iii) the electronic funds transfer networks through which their transactions are conducted; (iv) their acquiring processor(s); and (v) federal, state, and local law.
 - C. Subject themselves, and their respective principals, to such background checks (e.g., criminal/credit/OFAC reviews, etc.) as are customarily required by Sponsor Banks of their ISOs, under the applicable Sponsor Bank's policies and procedures related to (i) the Bank Secrecy Act and (ii) such Sponsor Bank's Anti-Money Laundering programs.
 - D. Inform their Sponsor Bank(s) in writing and on a timely basis of any material changes to their due diligence information as may be customarily required by their Sponsor Bank(s), for each of the ATMs operated by or through them.



Settlement Bank Guidelines - Dedicated ATM Vault Cash/Settlement Account

3. ATM Operators that are also AVCPs, and other AVCPs utilized by ATM Operators, shall:
 - A. Establish and maintain one or more bank accounts ("Settlement Accounts"), to be used solely for the maintenance of any and all ATM vault cash, and which shall be (i) the exclusive source(s) of the cash to be loaded into each ATM Operator's respective ATMs; and (ii) the sole account(s) for receipt of the corresponding settlement funds returned in repayment for the cash dispensed by such ATMs.
 - B. Deposit any and all surcharge and interchange revenue of or from ATM transactions into a bank account or account(s) separate and apart from the Settlement Accounts established in Paragraph 3.A. immediately preceding, and shall not at any time commingle such revenue with any Settlement Account or any vault cash funds therein. Each of the Settlement Accounts established hereunder shall be funded initially by a deposit into such account by the applicable party (i.e., ATM Operator that is also an AVCP or any other AVCP), and the balance in such account shall be increased and decreased only through deposits made into and withdrawals from such Settlement Accounts, as described, and for the purposes specified, in this Paragraph 3.
4. Each ATM Operator that is an AVCP, and each other AVCP, shall submit to its Settlement Bank(s), and, for AVCPs that are not also ATM Operators, to each ATM Operator for which it provides funds, the information set forth below, or such alternative information as may be reasonably required by such Settlement Bank(s):
 - A. A written report, to be submitted within 30 days following the establishment of any Settlement Account or the initial certification of an existing Settlement Account under Paragraph 8 hereof, that accounts for the amount and source(s) of all funds initially deposited into such Settlement Account and, for a preexisting Settlement Account, the current balance of funds in such Settlement Account as of the report date. In addition, this report shall also describe and account for the amount of any funds then present in the ATM(s) serviced by such Settlement Account, and any pending amounts due to settle into the Settlement Account (the aggregate of the Settlement Account balance, the balance in the ATM(s) serviced by the Settlement Account, and the amount due to settle into the Settlement Account shall be referred to herein as the "ATM Cash Balance"); and



- B. A written report, dated as of each calendar quarter-end, and to be submitted within 30 days following each such calendar quarter-end, which shall be subject to audit by the relevant Settlement Bank(s) and, if applicable, by such ATM Operator, and which shall account for any and all changes in the ATM Cash Balance between the date of such report and the date of the most recent previous initial or quarterly report submitted pursuant to this Paragraph 4.
5. Each ATM Operator that is an AVCP, and each other AVCP, shall maintain current records of the following due diligence information for each ATM operated by or through it, or serviced by it, shall provide this information to its Settlement Bank(s), and shall promptly inform such Settlement Bank(s) in writing of any material changes to such information:
 - A. Terminal ID
 - B. Name, address, city, state, and ZIP code of terminal location
 - C. ATM owner's name and complete physical address
 - D. Monthly cash withdrawal dollar volume
 - E. Monthly number of cash withdrawal transactions
 - F. Source of cash loads
 - G. Frequency of cash loads
 - H. Name(s) and address(es) of AVCP(s), if any
6. Notwithstanding the requirements of Paragraph 5 hereof, the dollar amounts, transaction volumes, and other proprietary business information provided by ATM Operators or AVCPs to Settlement Banks hereunder shall be afforded confidential and privileged treatment by the recipient Settlement Banks. Such information shall be used solely for purposes of fulfilling each such Settlement Bank's applicable BSA/AML responsibilities and shall be disclosed internally only on a need-to-know basis to bank personnel engaged in BSA/AML monitoring and compliance activities.
7. ATM Operators, in order to be in compliance with these Guidelines, shall utilize the services only of AVCPs that also agree in writing to comply with and be bound by all of the terms of these Guidelines.
8. At such time as an ATM Operator that is also an AVCP, or any other AVCP, shall bring its operations into compliance with these Guidelines, such party shall provide to its Settlement Bank(s) a written and notarized certification, signed by such party (if a natural person), or a principal of such party (if an entity), attesting that such party is operating in accordance with these Guidelines, and confirming such party's intent to provide the initial and ongoing reports, and other access to relevant information, as provided for in these Guidelines.



**For more information,
questions and/or
comments...**

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