

# Massachusetts Credit Unions

*Creating Cooperative Power*

**JOINT COMMITTEE ON FINANCIAL SERVICES  
PUBLIC HEARING  
OCTOBER 26, 2021**

**STATEMENT RELATIVE TO**

**HOUSE 1034**

**AN ACT ESTABLISHING UNIFORM SAFEGUARDS AND PUBLIC PROTECTIONS  
FOR CONSUMERS CONDUCTING BANK TRANSACTIONS AT AUTOMATED  
TELLER MACHINES**

The Cooperative Credit Union Association, Inc. (“Association”) is the state credit union trade association, serving approximately 160 state and federally-chartered, not-for-profit financial cooperatives owned by over 3 million consumers as members. On average, one in three Massachusetts consumers are credit union members. Furthermore, the industry employs over 7,500 full and part-time employees. As not for profit cooperatives, over 2,000 volunteer directors further serve credit unions who deliver \$310 million in member benefits annually.<sup>1</sup> On behalf of the Massachusetts member credit unions of the Association, this statement offers comments relative to House 1034, *An Act Establishing Uniform Safeguards and Public Protections for Consumers Conducting Bank Transactions at Automated Teller Machines*. The thrust of this bill

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<sup>1</sup> As of June 2021, credit union member benefits include higher yield on savings: \$56.5 million; lower fees: \$13.6 million; lower loan rates: \$240.3 million; and savings to nonmembers: \$121.1 million (by impact of credit union presence in the marketplace). CUNA Research and Statistics.

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is to mandate new and increased security measures<sup>2</sup> upon financial institutions in the Commonwealth with respect to automated teller machines (“ATMs”).

Massachusetts credit unions strongly support member safety at every opportunity. As a preliminary matter, the Association seeks to make very clear and underscore its support for appropriate ATM safeguards. As electronic banking options have expanded over the years and as technology advances, credit unions have made every effort to provide a positive, fast, and safe banking experience at ATMs. Credit unions have made many of their own adjustments to their ATMs, as well as in the realm of member education regarding the safe use of ATMs.

**A. Overview**

The issue of ATM security, increased security measures, and studies on the feasibility of such measures is not new to the Joint Committee on Financial Services (“Committee”). The Association notes that the general language of the current bill is the result of the diligent efforts of and the conscience redrafting by this Committee in previous sessions of various bills seeking to mandate ATM security measures. The language of some of those prior bills now appears in House 1034.

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<sup>2</sup> House 1034 mandates new and increased security measures, including the establishment of entry doors with locking devices, entry doors with fire exit bolts, security guards, and a no-parking/no-standing radius, among others. The bill also requires financial institutions to report on annual compliance with its provisions to the Division of Banks and submit a report to the Governor and the Joint Committee on Banks and Banking, which has been restructured and renamed as the Joint Committee on Financial Services.

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The nature of this issue is increasingly complex given the innumerable and ever-evolving forms of crimes in and around ATMs, the emerging modernization of traditional ATMs, the need to balance ATM security with accessibility, and the sheer number and diversity of ATMs across the Commonwealth. The Association strongly supported the Committee's approach to this issue in previous sessions, which resulted not only in some of the language at issue today, but which was accompanied by a redrafted bill in the 188<sup>th</sup> session, Senate 2251, and was reported favorably and referred to the Rules committees of the respective branches. The thrust of the redrafted bill was the creation of a special commission in order to study the pervasiveness and characteristics of criminal activity at ATMs and possible means to better protect users of ATMs. The commission was charged with the responsibility of filing a report with its findings within one year, including the feasibility of using enhanced safety and security features at ATMs as well as criteria for categorizing differing levels of security for ATMs based on geographic locations. The commission was also charged with including any legislative and regulatory recommendations in its report.

**B. Practicality of House 1034**

While the value of increased security measures cannot be overstated, it is the position of the Association that the creation of a full special commission to study the feasibility of additional security requirements prior to their mandated imposition is an appropriate initial action in any mission to better protect consumers who take advantage of convenient electronic banking options. Massachusetts credit unions continue to stand strongly behind the goal of this legislation, which is to create as safe an environment as possible during their members' ATM

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banking interactions but seek amendments to House 1034 to better determine its scope and detail as well as redirect its order of implementation by beginning with an independent determination of the necessary safeguards and technological enhancements available. Massachusetts credit unions also firmly believe that the feasibility of enhanced security measures such as additional lighting, surveillance cameras, locking entry doors, and parking restrictions, among others, must be considered before such requirements are mandated on the financial services industry.

Overly restrictive requirements may not always achieve the intended results, and a comprehensive study on the practicability and likely successfulness of such requirements should pre-exist any mandate to implement them. For example, increased lighting and surveillance cameras will not prevent the situation where a credit union member holds the door to the ATM open for a non-credit union member, unknowingly allowing someone who should not be within the area to be present.

The Association notes that there are approximately 1,000 ATMs at member credit union corporate offices and branches alone.<sup>3</sup> This number does not include the additional hundreds of credit union ATMs established at third party locations for the convenience of members, such as in grocery stores and at pharmacies. Credit unions seek to provide the most convenient delivery options, such as ATMs, to provide products and services to their members. It is more than a small possibility that were certain inflexible ATM requirements mandated, then Massachusetts

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<sup>3</sup> The Association acknowledges the limited exemption found within Section 6 but suggests that the phrase “unrelated to banking activities” is unclear.

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credit unions would be forced to limit the availability of these ATMs, or possibly even close them, thereby reducing the service options for the consumer. This is particularly the case for a smaller credit union, who may not be able to manage extremely costly measures.

Found within Section 6 of the bill are significant penalties for violations up to \$2,500 for each violation, and a variety of daily penalties until the violation is corrected within 3 days after a finding of a violation. With today's supply chain delays as an unforeseen consequence of the recent pandemic, the Association suggests that this proposed time period is restrictive and may be unable to attain as conditions are far beyond the control of any financial institution.

Section 6 of the bill also seeks to establish a more limited commission than requested by the Association and is at the center of concern. It is charged specifically with studying the technological feasibility of the limited access entry door requirements only. This task force would consist of 15 members, to include two representatives of "Massachusetts-based credit union associations." The Commission also possesses the responsibility to file a report with its findings within one year. Yet within six months after the submission of this report, which is a very brief compliance period, entry doors equipped with locking devices must be installed. It is the credit union position, therefore, that a full commission be established prior to the mandated imposition of security measures, with extended compliance deadlines, and that the Association by name have the opportunity to nominate at least one designated seat on such commission. As the representative and voice of Massachusetts credit unions, an Association designee must be

included at the table to express the concerns and particularities of our community that may not be considered otherwise or by other institutions.

**C. Conclusion**

In summary, the Association suggests that approach taken by this Committee in previous sessions is the most appropriate approach and that a commission should be established to study enhanced ATM security measures prior to their implementation. In addition, the Association as Massachusetts credit unions' representative should have a designated seat on this commission. The issues raised by the bill at issue today deserve significant consideration by an informed group prior to mandating significant new requirements.

The Association respectfully urges your consideration of credit union views relative to House 1034.