



KANSAS BANKERS ASSOCIATION

Date: March 7, 2022

To: House Committee on Judiciary
Representative Fred Patton, Chairman

From: Kelly VanZwoll, Assistant Vice President – Government Relations
Kansas Bankers Association

Re: Written Proponent Testimony – SB 483

Mr. Chairman and committee members, I am Kelly VanZwoll providing testimony on behalf of the Kansas Bankers Association (KBA). The KBA was organized in 1887, and our membership includes 99% of the 220 banks and savings & loans headquartered in Kansas. Our membership also includes 20 out-of-state commercial banks operating in Kansas. The Kansas banking industry employs more than 22,000 Kansans that provide financial services in every county across the state. Our organizational mission statement is:

"Together, we support our member banks and bankers with leadership, advocacy, and education to benefit the communities and customers they serve."

Across the United States, there has been a rise in the theft and destruction of automated teller machines (ATMs), with the Wall Street Journal reporting that it doubled within the last year. This past year, the KBA began to receive increasing communications from member banks reporting ATM attacks here in Kansas. These "smash-and-grab" attacks are organized by teams using stolen trucks and chains to rip apart ATM encasements to access cash canisters. Vehicles are also used to tear machines from platforms altogether to haul away the machine largely intact. These attacks sometimes only last minutes.

In a KBA member survey conducted in early February, results were worse than anticipated. Participating banks reported that just one of these attacks could lead to extreme loss, not just in cost, but also in disrupted service if you are in a smaller community. For perspective, ATM costs can vary, but replacing a destroyed machine can range from \$30,00 to \$80,000 per machine, with interactive teller machines (ITMs) being more expensive. And, due to supply chain delays, it can take weeks or even months to get the necessary replacements. Along with the equipment damage and the cash loss, there is also the cost of increased security measures to help prevent these attacks from happening again. Since 2020, more than 35 ATMs across our state have been destroyed, causing more than \$1,300,000 in damaged property, theft, and increased security measures. Although financial institutions have insurance, it does not cover the entire loss. As the trend of attacks continues to worsen, banks will also see higher deductibles and premiums.



When it comes to our smaller communities, the theft and destruction of ATMs limit community access to financial resources. Due to COVID-19 and the shifting landscape of technology, many customers depend more on ATMs and ITMs to conduct transactions. When these machines are damaged or destroyed, it can take weeks before they can be repaired or replaced. Smaller communities and those with a limited number of financial institutions are particularly impacted. The bottom line is that ATM crime limits citizens' access to their financial institutions. **This is not just a crime against banks. It is a crime against the community.**

When these organized criminals are caught, the theft is currently treated as a non-person misdemeanor or a level 9 and the criminal damage to property as a level 7 to level 9. SB 483 would increase the penalty for both theft of the cash and the criminal destruction of the property to a non-person felony, with the theft level ranging from a 5 to 7 and criminal damage from a 7 to 9 depending on the amount/value. The bill would also amend the definition of "value" to include a "remote service unit." Remote service unit is a definition from the state banking code, which would include both ATMs and ITMs.

We support SB 483 and believe that increasing the penalty to a felony not only fits the crime, but hopefully will act as a deterrent in an effort to reduce the frequency and severity of ATM crimes. We respectfully request that when the committee takes action on SB 483, they recognize the importance and benefits of this proposal. Again, Mr. Chairman, thank you, and if you or the committee have questions or require additional information, don't hesitate to get in touch with me at kvanzwoll@ksbankers.com or (785) 232-3444.

ATM "Smash-and-Grab" Attacks in Kansas



