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Who's Guarding the Banks?

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The nation's banks lost \$46 million last year in holdups. What are they doing wrong?

At a time when bank surveillance cameras produce portrait-quality images and tellers can attach GPS tracking devices to stolen money, you might think robbing a bank offers slim hope of success.

Think again. The Federal Bureau of Investigation (FBI) tallied almost 6,000 bank heists around the U.S. last year—more than 16 a day—with robbers making off with a total of \$46 million. Worse still, only about half the perpetrators have been caught, and about \$8 million was recovered. In just over half of the cases, robbers wrote a threatening note demanding money but didn't display a weapon.

The number of bank holdups last year represents a 26 percent decrease from 1990, part of an overall fall in crime in the last 20 years. But the figure still alarms security experts who believe that banks could do a lot more to protect customers' hard-earned assets.

One reason why banks remain attractive crime targets, ironically enough, is their concern for customers—and profits. In an age when retail banking has become so competitive that branches pop up on every street corner, executives worry that the high cost of additional security, plus the possibility that obtrusive security may drive away customers, will affect their bottom line.

FBI statistics suggest that relatively few banks have the crucial physical defenses that could deter robbers. Less than 10 percent of the banks hit in 2009 had tellers behind bullet-resistant enclosures, and less than five percent employed guards. (The FBI's numbers don't identify the proportion of guards who are armed.)

Making a bank bandit's job easier is that tellers are trained to accede to their demands to protect themselves and customers. Jamie Gordon, charged with stealing \$11,000 from 11 Florida banks earlier this year, told television station WFTV in an April interview, "[You] can bring a note up there. . . and they're going to give you the money and they're not going to fight you, they're not going to argue with it, for one because the bank's [insured], and for two because nobody's going to risk their life for money."

\$20,000 per Bulletproof Window

But deterring robbers through better security can be pricey. Richard Cross, author of the [Bank Security Desk Reference](#) (a manual for banks on how to protect themselves) and former director of security at the Bank of New York, notes that bulletproof teller windows can cost between \$20,000 and \$30,000 each, depending on the number purchased. Security guards cost upwards of \$40,000 a year.

Another defense, known in the industry as a "man trap," allows patrons to enter through one door, which closes and locks behind them. A detector then scans them for large metal objects, and a bullet-resistant second door then unlocks and allows them in. The devices, used by at least one large California bank chain, are regarded as "virtually infallible" by experts but run about \$40,000 to \$50,000.

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"There's never enough money allocated to physical security," complains Chris Swecker, formerly head of corporate security at Bank of America and prior to that an assistant director at the FBI. "(But since) this is the one area where you could have a fatal situation, (there) shouldn't be a cost-benefit analysis. (You) should do whatever you have to do to protect your tellers and customers."

Last August, another former bank security director told [BankInfoSecurity.com](#) (a website for information security professionals and executives) that he's seeing IT departments take over security because physical security departments, already strapped for cash, are having their budgets cut even further. "I used to joke about it: Whenever you go to see the physical security department, they're usually in the basement, never at the executive level," says Jim Destefano, who was in charge of security head for 10 years at two large Philadelphia financial institutions and now sells security equipment.

A bank robbery coordinator at an FBI field office who didn't want to be named reports having a hard time convincing banks to spend enough on physical security. He's told banks in his jurisdiction that he'd like them to invest more in new cameras, exploding dye packs that can be attached to stolen money, and GPS trackers. But he says, "the bank is typically worried about the bottom line." And while the FBI can advise banks, it has no authority to regulate their security decisions.

Keeping Customers Happy

Even when protection can be had on the cheap, banks aren't always buying it because they're afraid of inconveniencing customers.

In 2003, the [Missouri Bankers Association](#) began urging member banks to require patrons to take off hats and sunglasses before entering. Robberies dropped by 37 percent over the next four years (the most recent year for which the association has numbers is 2006). But while about half of the state's banks and credit unions have adopted the plan, the largest have not, citing concerns about negative reactions from customers. Those banks also may be paying for that decision.

"When we look at our numbers, [the large banks] are the ones that get hit the most," says Bill Ratliff, the association's executive vice president. As for banks' concerns about disgruntled customers, Ratliff says he hasn't heard of a single complaint about the policy.

Others in the industry say banks need the flexibility to adapt to local conditions. "If you were to build a branch like Fort Knox in Mayberry, that would be a waste of the customer's money," says Margot Mohsberg of the [American Bankers Association](#) (ABA). "You want to balance safety with comfort."

Even so, banks must comply with minimal security provisions required under the federal [Bank Protection Act](#), passed in 1968 when bank robberies were trending upward. Under the law, banks must have at least one camera, a vault, and exterior doors that lock. They're also required to have a security plan and train staff on its procedures. The Act leaves compliance with the plan up to banks: security directors are supposed to report to the bank's board every year on whether the plan is being followed and how well it's working.

The FBI bank robbery coordinator thinks the law's standards are "pretty low—they have to have a video system, but if it's a VHS system run on a 20-year old camcorder . . . it's considered to meet the need even if it doesn't meet our need to investigate the crime."

Swecker, the former security chief at Bank of America and now a consultant on financial crime prevention for organizations, coauthored an article last November in *Security Technology Executive* magazine about whether it's time to update the Act. Noting that the rate of bank crime has trended upward since 1970, he and his coauthor concluded that "it seems the BPA has not made great strides forward in the first stated part of its mission [discouraging robberies, burglaries, and larcenies]."

But Doug Johnson, the ABA's vice president for risk management, told them the association didn't consider amending the Act to be a top priority because banks need flexibility to respond to their specific risks. "It's in the financial institution's best interest to make sure the customer is protected. I think as an industry we generally come to these conclusions without legislation."

Some Banks Learn, Some Don't

It's not clear this is always true—especially considering some banks' responses once they've been targeted. Banks that have been robbed once are more likely to be hit again, according to a 2007 U.S. Department of Justice [manual on bank robbery](#) . To illustrate the point, it describes a typical jurisdiction in which over several years, four bank branches were hit a total of 14 times, while 15 nearby branches were not robbed at all.

But the FBI bank robbery coordinator who didn't wish to be named said that in his jurisdiction, banks sometimes don't take preventive measures even after they're robbed. "Some of them seem to learn and some don't," he says.

The response of one bank that was recently hit remains to be seen.

Until June 30, the last holdup in the upscale village of Woodstock, New York, was 25 years ago. But on that

date, a man wearing a bandanna and ski goggles walked into the local Bank of America branch, pointed a semiautomatic handgun at tellers, and escaped with an alleged \$20,000, a huge sum as robberies go. He's still at large. At the time of the robbery, the branch didn't have guards, bulletproof teller windows, a policy on hats and sunglasses, or "man traps."

As of this writing, there are no visible signs the bank has taken additional precautions.

Bank of America's corporate office refused to say whether it planned to increase security there, citing a policy of not commenting on security measures.

Will Technology End Robberies?

The ABA's Mohsberg argues that every year the industry develops new technologies designed to reduce the number of robberies. But there's no way to substantiate that. The ABA and the Financial Services Roundtable, which represents the nation's largest financial services companies, said they knew of no studies of bank spending on physical security. And Bank of America spokeswoman Kelli Cishek said that the company doesn't report its budget for physical security in its annual reports.

In the long term, banks' security spending could be made irrelevant if societies move toward completely cashless transactions. In Sweden, a bank employees' union is calling on the government to move more quickly toward cashlessness as a way to end robberies once and for all, according to a report by the BBC. Earlier this year, the Swedish central bank's deputy governor appeared to support that idea, noting the higher cost of cash transactions to the country and citing as an example the expense of providing security at bank ATMs.

One U.S. expert who studies crime trends agrees. "How long [the transition to cashlessness] will take is an open question, but that it will happen isn't an open question," says Richard Rosenfeld, a criminologist at the University of Missouri-St. Louis. "And at that point, I think that bank robbery as we currently envision it, involving a predatory act between a robber and a teller, will end."

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