SECURING THE CASH FLOW

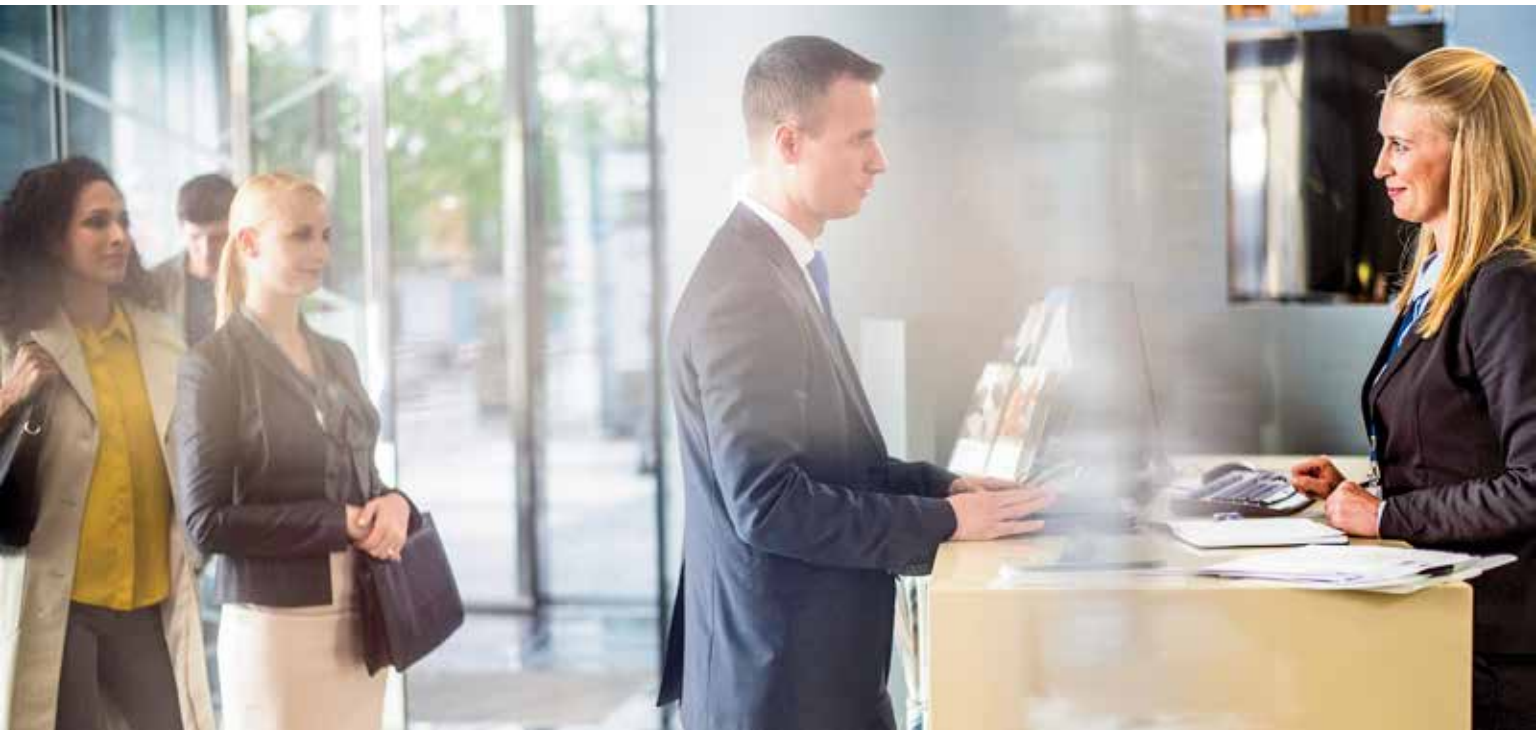
MoneyGram International takes a proactive approach with innovative security

By: Bill Zalud

Sorry, but Willie Sutton never did say that he robbed banks because "that was where the money was." But, after his last stay in prison, he did do television commercials for Connecticut's New Britain Bank & Trust Co. to hawk the company's new MasterCard.

Today, the beat goes on as banks, credit unions, financial service firms, armored car carriers and thousands of automated teller machines (ATMs) are the target of robbers and internal theft but rarely burglaries.

Protection strategies are diverse and range from security officers, vault hardware and access controls to security video and computer security programs.



During Willie's "career," he grabbed about $2 million in his total bank robberies. Not a bad haul in those days. Today, however, the average bank robbery hauls in just $7,756 per incident, not a smart move that often can end in federal prison.

But, if you think that a bad economy creates more bad people who do more bad things, well, at least when it comes to financial services crimes, 2010 FBI statistics don't show that's the case. There were significantly fewer robberies last year as compared to prerecession years such as 2006 and 2007, even in the face of increased numbers of bank branches. Over the years, by the way, there have been only a handful of bank burglaries.

Yet, the biggest and most troubling difference is that, today, robbery attempts have become more potentially violent and sophisticated: more guns aimed at branches, bomb threats, suspicious packages, and anthrax-like white powder attacks.

Basic Security Responses

So security strategies continue to evolve. There are the basics, of course: intrusion detection, holdup alarms, bandit barriers, bullet-resistant glass, teller lockers, safes and locks. Security video has taken on an increased role, since the days of still film cameras at bank exits. Today, cameras, often positioned behind tellers, capture

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images of customers and transactions to provide a level of deterrence and to satisfy forensics needs. At many financial service firms, security video works the floor as well as the backroom where security executives have increased their attention.

For example, Jim McNaughton has a laser focus on his business.

That's a good thing for MoneyGram International, a leading money transfer company that enables consumers who are not fully served by traditional financial institutions to meet their financial needs. It has a huge international reach with more than 244,000 locations, though the vast majority of the firm's agents, who range from big retail chains to mom-and-pops, have their own business and security responsibilities.

McNaughton is senior manager, corporate security, working out of the firm's Minneapolis corporate office. "My mission is to provide physical security at owned and leased properties," he says. That includes policies, procedures, technologies and security officers – all of which may vary by location, type and hours of operation, afterhours needs and level of risk. "We set a certain level of security standards that can be applied to all the covered locations," he adds.

For the firm's owned, or leased and operated retail stores, McNaughton applies security video in several basic ways. "The cameras are used in a 'dealer shop' application where they look at the cash," he says. "This is a cash handling business. Tellers can make honest mistakes or dishonest ones. The system can easily provide video to local supervisors or those farther away to review transactions to make a determination, which may lead to an investigation." Where MoneyGram International is the sole tenant in a facility, there may be video inside and outside the building. "If we are not the sole tenant, security video is inside." Other cameras are positioned to provide overall views.

Cameras at Corporate Areas

And there are cameras at various corporate locations that help provide a safe and security working environment.

As he evolves the use of security video, McNaughton sees value in a coexistence of analog and digital video while storing and retrieving images locally per site. "Another business benefit is the ease of review of the video. Appropriate staff members can search so much faster. It saves a lot of time."

McNaughton works closely with his IT folks to help set up or upgrade security video and access controls, to provide Power over Ethernet to cameras where it makes sense and to help with digital video and network video recorders, to name a few collaborate measures. "But because we store video locally, there is not undo stress on the enterprise infrastructure," he says.

He also sees the security officer force as working more closely with business goals. "For retail locations, they provide security and also reception duties." Officers on duty after-hours operate more traditionally, on patrol looking for any concerns or trouble.

At another business that uses Salient Systems' technology, the American Bank of Texas (ABT) employs security video for coverage including teller windows, processing rooms, ATMs, parking lots and lobbies. In all, there are over 280 IP and analog cameras at multiple facilities with both local and centralized security operations. Among features: live viewing, instant playback, alarm event alerts and full camera controls.

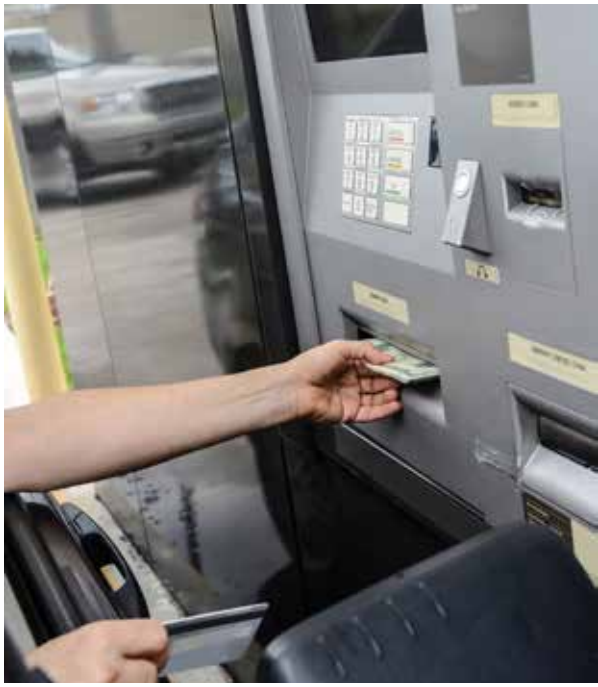
Based in Marble Falls, American Bank of Texas uses technology among the ways it matches its charm of a small-town bank with the resources of a large financial institution.

Behind the scenes, bank management has taken a proactive approach to customer security, not only data security, but physical security as well. Crimes like check fraud and identity theft also pose a significant threat to financial institutions and require the latest in video surveillance. ABT branches are equipped with video surveillance security equipment and systems.

Video recording, live viewing and instant playback provide immediate, actionable information for management and law enforcement. Video can be searched by date, time, camera location, or any combination of these, or when an alarm event occurs. Video displays instantly on an alarm to catch the attention of the security operator. Video events are then displayed in a history list in which the operator can call up live video with full camera controls and review the recording of the event side-by-side.

At the Teachers Credit Union, headquartered in South Bend, Ind., the largest credit union in Indiana with 51 locations including the 4-story corporate office, access control had been using offline computer-managed (CM) locks, placed at strategic locations such as at the outside entrance, the door to the teller line and access to the vault room.

While these locks had been easy to install, they required significant resources to manage. Data that controlled access was downloaded to each lock individually, using a PDA. Audit trails and other information were uploaded to the PDA and transferred to a computer. The database itself was managed on the computer, allowing for response to personnel changes, lost credentials and changing access requirements. In addition, with each branch having its own CM standalone access control, the growing number of branches and the widening geographic coverage of the credit union were starting to create big problems for Mike True, the credit union's director of security.



"Every time that some employee left the credit union or another employee was hired, we had to drive out to that branch and reprogram all the locks," says True. "It was costly in time, mileage and hotels. It just wasn't working anymore. We were scrambling." It also meant that security was compromised from the time the need was reported until the lock was reprogrammed.

True knew they needed to upgrade but didn't want to have to replace all their electrified door equipment, including power supplies, closers and exits. They just might have to continue working with what they had.

But it turns out the financial service firm turned to Ingersoll Rand's Schlage bright blue IP- enabled security management system along with an AD-Series locking systems.

The tech approach "did everything that I wanted it to do," comments True. "Most importantly, since it was open architecture design, we could keep our current door hardware intact even though we were going to be integrating a wireless system."

With the wireless locks solution, True and his team have simplified control of who goes when and where because they interact with bright blue in the same way they do with any web page on the Internet. The system application is embedded on the control panel which connects easily to the credit union's present network. Adding and deleting personnel, set-ting up doors and assigning access based on time schedules is straightforward. If there is a new employee or an employee leaves the credit union, True and his staff can simply add or delete that person from their computers without getting out of their chairs.

Going Beyond Physical Security

"ABT's goals to protect assets, people and privacy have been enhanced with this installation. It's a powerful tool that provides fast searching and the ability to send video clips instantaneously to law enforcement and other branches," says Howard Gordon, senior vice president, information technology, American Bank of Texas.

While physical security is important at ABT and other financial service firms, there is growing attention to information security due to national and international regulations and the fallout from headline-grabbing data breaches. Studies by the Ponemon Institute and others indicate that bank customers will quickly move their business elsewhere in the event of a data security breach, even if it did not affect them personally.

MoneyGram International, for instance, has a tool in the war against fraud: a tailored software system that monitors what it calls "send" transactions and identifies transfers that could involve fraud, enabling the firm to intervene and prevent its customers from losing money to fraudsters.

The anti-fraud tool is a rules-based automated IBM software system that analyzes the transaction data from MoneyGram's money transfer system. Based on consumer identity management and transaction rules set by the company, the system identifies potentially fraudulent transactions and alerts MoneyGram instantaneously after the transaction has been placed. MoneyGram can then put the transaction on hold, contact the original sender and if needed, stop the fraudulent transaction from being received.

Consumer complaints of fraud in January 2011 compared to January 2010 dropped 72 percent, with the most significant reductions in Canada, Nigeria, the United States and the United Kingdom.

When it comes back to physical security needs, there are some integrators who have traditionally served the sector. These include, but are not limited to, Diebold, Niscayah and Security Corporation.

Bomb and Package Needs

Beyond electronic and hardware security solutions, enterprise security leaders at banking and financial service firms must contend with workplace violence and incidents that can involve armed robberies, bomb and anthrax/white powder threats.

Today, such threats call for additional defenses, according to Thomas Browning, vice president corporate compliance/chief security officer at AlliedBarton Security Services.

With some people blaming banks for a number of social and financial ills, there are threats and suspicious packages that are phoned in, mailed in and left at facilities. "Security needs to work with carriers such as the United States Postal Service, UPS, and Federal Express," says Browning. "Screening processes and procedures need to be in place as another avenue to the corporate mailroom. Training and manual checks help with these staffers to put their smart hat on."

Whether a phoned-in threat or suspicious package, it is essential to call local enforcement or the local emergency management team, according to Browning.

"All hazards planning is the best way to go," says Bo Mitchell, president of 911 Consulting, which advises corporations on a variety of security topics. "You cannot prevent everything. So you and all staff members must be prepared for every possibility. Without that, the enterprise can be liable for failure to plan or failure to train." Federal and state regulations, court decisions and NFPA 1600 – the Standard on Disaster/Emergency Management and Business Continuity Programs – and require an emergency team and plan in place, observes Mitchell.