

SafeAlert



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The True Costs of Self-Service (Safe Deposit) Boxes

There has been a growing trend to reduce costs by eliminating safe deposit personnel and converting to "self-service" boxes. Some institutions are even moving the boxes outside the vault and into the lobby for easier access and reduced construction cost.

Financial institutions considering these options should carefully consider the liability they may incur by saving a few dollars:

1. The self-service concept is an open invitation to criminals who will gladly rent a box as their ticket to being left alone in your vault. These criminals have all purchased the easily-obtained tools that will open a box door in three seconds without a key.
2. Without a vault employee present, consider the safety of your box renters who enter the vault with their key in hand, only to be greeted by the afore-mentioned criminal.
3. Consider the appeal of your self-service facility to the burglar who is selecting a financial institution to break into after they close.
4. Without the "dual control" procedures, compliance with the PATRIOT Act, BSA and SAR requirements will be impossible.

Equally important, consider these potential exposures:

- The industry-standard Safe Deposit Policy only covers boxes in the vault. Further, insurance companies have denied claims for self-service box losses because the alleged safe deposit operation did not subscribe to "reasonable commercial standards."
- Envision the impact on your reputation, your liability and your vulnerability to a lawsuit when box renters claim that items are missing and it is determined that you did not use the traditionally-accepted procedures and security measures to safeguard their items. Accusations that your self-service decisions were made to save money for YOUR financial institution will be hard to defend against.

If you are considering self-service boxes or have any questions about your safe deposit operation, we encourage you to contact industry expert, David McGuinn. Mr. McGuinn is a former banker, president of Safe Deposit Specialists, and referred to nationwide as the safe deposit GURU. He can be reached at (713)937-9929 or via email at sdspec@aol.com. Any other questions, please contact Judi Kovach at Progressive (800-274-5222).