

Supermarket Branch Banks Show Growth

The number of supermarket branch banks will increase significantly in 2004, predicts supermarket bank pioneer, Alton Wingate, chief executive of Financial Supermarkets, Inc. in Cornelia, Georgia. Speaking with *Minneapolis-St. Paul Star Tribune* reporter, Chris Serres, Mr. Wingate said 750 supermarket branch banks would open in 2004. There are approximately 8,000 supermarket branch banks in service now, so growth in the number of branches would be approximately 10% for 2004.

The supermarket companies and the banks benefit from in-store branches. Customers of both businesses like convenience, and that is one of the selling points of in-store banking. When I noticed the rapid growth in branch banking in supermarkets six or seven years ago, I met with a dozen or so supermarket security executives, and a like number of bank security heads to discuss security issues. What I found was rather alarming at the time. Branch banks were being built in supermarkets and neither the supermarket nor the bank security head had much input to the design of the bank. The security issues of the store/bank marriage were generally not discussed with the security pros.

In an effort to improve and, in most cases, initiate a dialog, we formed the Bank Robbery Coalition in Los Angeles, which leads every city in the U.S. in number of bank robberies. The Coalition was comprised of security executives from most of the banks and supermarket companies in Southern California, and the FBI's bank robbery coordinator, Special Agent Dan Bodony. We studied and discussed the causes of hold-ups at free-standing banks and supermarket branch banks. The lack of communication between the banks and supermarkets was a formidable problem. To solve those issues, we produced an educational video that was used for educating bank and supervisory employees. I also wrote a manual on preventing branch bank robberies.

The problems caused by the lack of communication between the bankers and retailers needed to be addressed earlier, before an agreement was signed between the two parties. In discussions with Coalition members, we developed the Suggested Security Clauses for Supermarket and Bank Lease Agreement. The document can pave the way for better communication and increased security at supermarket branch banks.

In 2002, 7,703 bank robberies were reported to the FBI. Twenty-six percent, 1,986 of the total, occurred in retail shopping centers. Bank robbery figures for 2003, as of April 5, 2004, show 7,301 bank robberies occurred last year and 1,704 hold-ups, or about 23%, occurred in retail shopping centers. So, while in-store banks are convenient and provide a good ROI for the store and the bank, security measures should be discussed and written into the lease agreement. Following are seventeen points that should be considered for the store/bank lease agreement.

Suggested Security Clauses for Supermarket and Bank Lease Agreement

- I. Management at the supermarket and bank should communicate to each other their respective security and general business objectives, policies, rules and procedures where such objectives, policies, rules and procedures impact management and the employees of the other's business.
- II. Each party shall share appropriate security information with the other in matters that involve or could involve both parties. Each party should cooperate with the other during security investigations to the extent possible without compromising either party's security program and without violating the law or third party rights.
- III. Each party should immediately communicate to the other such security incidents that may impact the other party, including but not limited to: robbery, burglary, physical assaults, bomb threats (and other such threats that demand the closing of the bank or store), acts or threats of violence against an employee by another employee or family member (where, in the opinion of the manager, the risk is such that it could impact the business of the other party).
- IV. Each party should communicate to the other non-violent or non-threat crimes that may impact the business of the other party, including but not limited to counterfeit checks and counterfeit negotiables, in a timely manner.
- V. Management should train its employees to report to their supervisor any suspicious persons or activities on or near the premises of the other party, e.g. person(s) loitering outside the store or bank before business opening or near closing for the day.
- VI. Bank and store management will provide each other the names and home telephone numbers of persons to contact during emergencies in non-business hours. Such lists should be kept current and confidential by both parties.
- VII. The bank shall have no armed personnel in its premises without the consent of the store, except for persons assigned to the corporate security department, contract security guards, commissioned police officers employed by the bank and armored carrier personnel who service ATMs and deliver and pick-up currency and negotiables. All such armed personnel must be trained and licensed according to applicable state and local laws.
- VIII. To minimize liability for personal injury and property damage that may result from any criminal activity, each party shall follow a policy of no in-store pursuit or use of force (unless necessary to protect a store or bank employee), and apprehension of suspects shall be made only by trained and authorized personnel or law enforcement officers.
- IX. All personnel delivering funds to ATMs shall dress appropriately and shall carry current identification. When making a delivery or picking up funds at the store or bank, the security personnel shall not walk into areas of the store not associated with their work.
- X. Management of the store and bank will promote the other party's business in so far as possible. Management must instruct their employees to follow the applicable rules and procedures of the other party.
- XI. When bank employees make purchases at the store, such purchases must be taken to a register for check out, paid for and accompanied by a receipt before being consumed or used in the store. All other purchases must be removed immediately from the store through the front door. No bank

employee or contract employee will be allowed to pay for, or select merchandise, then set it aside until he/she is ready to leave the store.

- XII. Management at the bank and store shall advise the other party of the expected time(s) for armored carrier service. Management at both entities should try to avoid scheduling armored carrier service during times when the other party has scheduled armored carrier service.
- XIII. The bank will obtain the consent of the store to use dye-packs in its robbery deterrence program. The bank agrees not to use dye-packs containing tear gas or other harmful or toxic materials in consideration of local and federal food protection laws. If authorized for use, dye packs will be set to detonate outside the store and bank premises.
- XIV. Management at the store and bank will regularly train all employees who may witness an armed robbery on the proper security measures to follow during and following a robbery, either at their employer's facility or at the other party's facility.
- XV. The bank shall have the right to install any electronic security system it deems necessary, including but not limited to: video surveillance systems and alarms, provided such systems do not impair the store's own such systems, and do not violate third party rights and restrictions, and provided the banks have obtained prior written consent from the store as to the design and location of such systems. Such consent shall not be unreasonably withheld.
- XVI. Toward achieving the goal that each party's electronic security systems are compatible with the other party's, the store and bank agree to coordinate the design and installation of their respective systems with one another, subject to the reasonable security and business confidentiality needs of each party and subject to the bank's requirement to meet the security standards defined under the Bank Protection Act.
- XVII. When a bank consulting firm is responsible for designing the bank's space, fixtures, security systems, lighting and decor in the store, both the store and bank should meet regularly with such consulting firms to assure the interests and objectives of the store and bank are served.

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