

DIGITAL MEETS PHYSICAL: CRYPTO ATMS AND BEST PRACTICES FOR OPERATORS



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INTRODUCTION

BARR Advisory recently partnered with Bitcoin ATM vendor **Bitaccess** to complete SOC 1 and SOC 2 audits. Bitaccess has more than 3,800 Bitcoin Teller Machines (BTMs) around the world, serving more than 350,000 unique customers.

With the number of Bitcoin kiosks growing by the minute, we're diving into the budding crypto industry and sharing some of our key audit takeaways so other companies, like Bitaccess, can better identify gaps.



DID YOU KNOW?

-  With nearly **100% client retention rate**, BARR Advisory serves **innovative technology and cloud service providers** in the most regulated industries: FinTech, Healthcare, and Government.
-  BARR clients report a **70% reduction** in customer compliance questionnaires.
-  BARR clients report **75% less time spent** on internal resources needed to pass an audit.
-  BARR clients can count on competitive, fixed rates and **unparalleled service**.

BITCOIN AND CRYPTOCURRENCY FAQs

Not familiar with Bitcoin or cryptocurrency? You're not alone. Here are five quick FAQs to help get you up to speed.



What is cryptocurrency?

Cryptocurrency is defined as a digital currency in which transactions are verified and records maintained by a decentralized system using cryptography. Here's a great [article](#) that goes into more detail about the "crypto" in cryptocurrency.



What is a crypto ATM?

It is an internet-connected kiosk that offers customers an opportunity to purchase Bitcoin and other cryptocurrencies with cash. It differs from your traditional ATM which allows you to withdraw, deposit, or transfer funds using your bank account. Instead of connecting to a bank account, crypto ATMs are connected to a cryptocurrency exchange network through internet connection. The physical kiosk includes a monitor, QR scanner, bill acceptor, and dispenser. In short, crypto ATMs instantly convert physical currency into a digital form.



What part does blockchain play in all of this?

Blockchain is the underlying technology that supports cryptocurrency. For example, when you purchase cryptocurrency on a crypto ATM, the machine logs that transaction in real time on the blockchain.



Are crypto ATMs regulated?

Yes. In the U.S., Bitcoin ATMs must be registered with the Financial Crimes Enforcement Network and adhere to all anti-money laundering provisions within the Bank Secrecy Act (BSA). BSA law "requires all financial institutions, including Bitcoin ATMs, to assist U.S. government agencies in both detecting and preventing money laundering."



Why do crypto ATMs need to be audited?

In order to ensure crypto ATM providers comply with the above regulations, a strong, comprehensive compliance framework needs to be implemented. And just having a compliance framework is no longer enough—you need a third-party partner, like BARR, to audit that framework and make sure all security controls are in place and operating as they should.

SECURITY BEST PRACTICES FOR ATM OPERATORS

BARR has experience auditing crypto ATM compliance frameworks. For example, we worked with Bitaccess on a SOC 1 and SOC 2 report, checking to make sure its security controls—everything from policies and procedures to access control to change management and beyond—were designed, implemented, and operating as they should.

Based on our work with Bitaccess, here are a few best practices for other crypto ATM operators from our experienced audit team.



Understand your commitments.

Recognize and fully grasp the commitments to your customers in the environments and locations in which you operate. These will help you define your control environment and highlight higher risk areas when it comes to the security of your customer data.



Establish internal change management policies.

Given crypto ATMs are built on fully cloud-based technology, internal change management policies set by management are critical to maintaining a tight ship in an ever-evolving agile code environment.



Appoint a designated compliance officer.

You'll need someone who takes responsibility for consistently assessing security controls.



Train, retrain, and train again.

Ongoing employee security awareness training is vital because many of your employees have or could have access to customer data. Be sure to also train them on common cryptocurrency risks, including money laundering techniques, cryptojacking, and other cybercriminal activities.



Conduct annual third-party audits.

Consistent independent reviews are the best way to make sure you have the right security controls in place and that they are working correctly to keep customers safe.

ABOUT BARR ADVISORY

BARR Advisory is a cloud-based security and compliance solutions provider, specializing in cybersecurity and compliance for companies with high-value information in cloud environments like AWS, Microsoft Azure, and Google Cloud. A trusted advisor to some of the fastest growing cloud-based organizations around the globe, BARR simplifies compliance across multiple regulatory and customer requirements in highly regulated industries including technology, financial services, healthcare, and government.

CYBERSECURITY, RISK MANAGEMENT, COMPLIANCE, AND VIRTUAL CISO SERVICES

We tailor our approach to your organization's unique needs. Our services include:



SOC Examinations

[SOC 1, SOC 2, SOC 3, SOC for Cybersecurity]



Healthcare Compliance

[HIPAA/HITECH, HITRUST]



Certification to ISO Standards

[ISO 27001, 27017, 27018, 27701]



Government Assessments

FedRAMP, DFARS, NIST 800-53



Payment Card Industry (PCI) Services



Penetration Testing and Vulnerability Assessments



IT Governance, Risk, and Compliance



People & Culture Services

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