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Retail

Self-Checkout Security a Balancing Act

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By [Evan Schuman](#)

Putting control of checkout into the hands of the consumer is nightmarishly frightening for many retail executives—including that part where the consumers figure out how much money they are going to give the retailer.

"Loss Prevention would love to have security gates and frisking" at the self-service terminals, said Dusty Lutz, the FastLane product manager for NCR Corp., who added that such requests are clearly not practical. "How much do you put into a system for security?"

Most in the self-service industry argue that the increased fears of fraud are misplaced because the scrutiny in the self-checkout area is so intense that customers wanting to steal would choose some more secluded part of the store to do it.

With weight and size tracking, video cameras and one cashier watching typically four self-service units, it's more difficult to steal from the self-checkout than from the traditional cashier-staffed lanes.

Like all fraud-prevention efforts, the security components of a self-service setup need to be balanced with customer service. How much do you frustrate, inconvenience—or even insult—your best customers in the name of fraud prevention?

Part of that balance is the ability to set various levels of sensitivity in the scanners.

If a customer has one item that the computer thinks is too light, does it dispatch a cashier or does it wait for two light items? "We really let the retailer fine-tune the system. It's a concept of delaying and forgiving security events," Lutz said.

Ultimately, much of this comes down to trust and practical considerations. "I believe that the people who use this system will be trustworthy, but (consumers) need to know that the system does check them from time to time," said Frank Riso, director of retail vertical marketing for self-service system manufacturer Symbol Technologies Inc. "If somebody really wants to steal from a store, they'll do it."

Some stores are also experimenting with biometric identification capabilities—Piggly Wiggly Carolina Co. has deployed a fingerprint-scanning device from Pay By Touch in four of its grocery stores—but that is intended more for accelerating the tender process than for preventing fraud. Such technology also has the potential to remove alcohol and tobacco purchases from the list of items that will cause a self-service



⊕ system to require human intervention, as it would allow the system to know the age of the person with that registered fingerprint.

[Click here to read about some of the technological, legal and practical challenges facing self-service retail checkout systems.](#)

Greg Buzek, president of the IHL Consulting Group, said the fraud deterred most by the self-service systems is not customer fraud, but rather one employee fraud technique called "sweethearting."

"Sweethearting is unfortunately quite common among regular cashiers who give their friends five-finger discounts by covering the UPC code of the expensive item as they pass by the scanner. Although the features of the self-checkout provide deterrents, they are designed more to eliminate the employee-aided theft rather than customer theft," Buzek said. "If a customer is going to steal something on their own, they will do it somewhere else in the store before they come to the self-checkout area with the camera, an employee watching them and a scale to monitor their purchases."

Buzek also makes an election-year observation: He notes that retail chains are very selectively rolling out self-service plans based on where they perceive the fraud risks to be high and low.

"All of the red states that went for Bush [in 2000]? That's where self-service is most penetrated," he said. "The blue states that went for Gore is where it's least penetrated." Why? Buzek said that companies expect less fraud in the more affluent and conservative areas than in the larger cities.

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