

# Cryptocurrency Kiosk Regulation

Cryptocurrency Kiosks are a safe and convenient option for cryptocurrency users looking to purchase or sell cryptocurrency. Kiosks are regulated federally, and are bound by the federal anti-money laundering requirements and the Bank Secrecy Act. Operators are overseen and enforced by the Treasury Department's Financial Crimes Enforcement Network (FinCEN) and must flag suspicious transactions to federal officers.

## Kiosk Process:

1. A customer creates an account and agrees to the terms of service and privacy policy.
2. The customer selects the type and amount of cryptocurrency to purchase or sell.
3. The customer can either complete the account registration at the kiosk and undergo the corresponding Know Your Customer (KYC) process, OR
  - The customer can scan their digital wallet, and the operator then performs OFAC/sanctions screening on the digital wallet.
  - Note: A cryptocurrency kiosk might collect information such as the user's name, address, birthdate, phone number or driver's license number as part of the KYC program. Some exchanges have the user hold up a driver's license next to the user's face to verify the user's identity.
4. The transaction is completed and either the purchased cryptocurrency appears in the customer's digital wallet, or cash is dispensed from the wallet, depending on the type of transaction.

Compared to cash and other cryptocurrency financial services, crypto kiosks have the lowest case of fraud—amounting to **only 1%** of all fraudulent activities in the sector.

## Fraud Prevention and Education

Fraud activity is an enormous problem across the entire financial services industry. However, the volume of funds people get scammed out of at a crypto kiosk are minimal compared to central exchanges, money remittance companies, Zelle, and bank accounts. While the comparative levels of fraud are lower with cryptocurrency kiosks, scams still do occur. Kiosk operators have taken tremendous steps to educate customers to recognize scams and to prevent continued fraud.

- Cryptocurrency has unparalleled transparency, which allows law enforcement and kiosk operator companies to trace the movement of cryptocurrency across the blockchain and coordinate together to freeze assets on those accounts.
- Many kiosk companies have implemented external refund policies to refund fees for scam victims, as well as working with law enforcement to return money to victims that come forward.
- Kiosk companies run robust customer support centers including everything from email and chat support, to 24/7 phone support.
- Kiosks present fraud warnings for the customer to review before their transaction begins and have extensive fraud educational materials online for customers.