

Be in the Know: Five Quick Facts About Bitcoin ATMs

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NASAA has issued an investor alert about Bitcoin ATMs (BTMs),¹ also referred to as crypto kiosks, that describes what they are, how they function, and precautions investors should consider or take before using them. This shorter companion piece provides five key things investors should know about BTMs.



1. **Almost Everywhere**

BTMs provide a way for customers to exchange cash for cryptocurrency, either by purchasing cryptocurrency for cash or (in bidirectional machines) withdrawing cash in exchange for the surrender of cryptocurrency. There are tens of thousands of BTMs across North America, often located in highly trafficked local businesses. Once a transaction is executed, it can be nearly impossible to undo, which makes BTMs highly attractive to fraudsters.

2. **Crypto Gateway**

A report from a crypto kiosk company found that 74% of users made their first crypto transaction through a cryptokiosk.²

3. **Rampant Fraud**

According to the Federal Bureau of Investigation's 2025

Internet Crimes Report³, fraud involving crypto kiosks has increased exponentially to \$390 million in the United States, a 58% increase in losses from 2024. In a similar vein, the District of Columbia Attorney General found 93% of deposits flowing into a crypto kiosk in D.C. were scams.⁴ BTM frauds typically involve a scammer convincing a targeted individual to send cryptocurrency through the BTM to a cryptocurrency wallet the scammer controls (though some fraudsters have been able to hack into crypto kiosks or BTM networks directly and thereby steal cryptocurrency flowing through these platforms).

4. **Crypto Fees**

BTM companies are making money – lots of it. Operators price transaction fees anywhere from 4% to more than 20% of

the transfer amount. Smaller or independent operators often set higher fees because they handle fewer transactions and need to make more money on less volume, while encountering more liquidity and compliance risks than larger networks. Fees can also depend on the type of cryptocurrency being transferred.

5. **Hidden Costs**

Many machines do not provide the customer with a description of how fees are broken down before the customer confirms the transaction. This makes it difficult for the customer to tell where extra charges come from. Hidden fees can include "mining fees," "network fees," additional withdrawal fees for selling cryptocurrency, and rounding errors when cryptocurrency is converted to fiat for withdrawal.

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Things to Consider

- **Prevalence of Fraud**

Governmental agencies have found high incidences of fraud involving BTMs. It can be very difficult—or impossible—to recover money that has been misappropriated through a BTM.⁵

- **Compare Fees**

BTM operators argue their machines facilitate legitimate investment transactions.

Users should be mindful that cryptocurrencies are highly speculative, and purchasing or selling cryptocurrency through a crypto kiosk will carry a fee. Users wanting to purchase or trade cryptocurrency should compare the costs of doing so through a crypto kiosk versus other platforms.

- **Transparency**

While the blockchain may record and verify transactions for all to see, once a customer's cash has been transferred into cryptocurrency (for a potentially hefty fee) through a BTM and sent to a third party's wallet, there is little the customer can do to ensure their investment

is used as intended. By contrast, regulated investment products are required to disclose material facts and information to investors.

- **Developing Legal Landscape**

Legislation and regulations governing BTMs are still developing at the state and provincial level, and protections applying in one jurisdiction may not apply in another. Investors receiving unsolicited text, email, or phone messages about crypto investing should be wary of using a BTM to send any cryptocurrency.

For More Information

For more information on crypto or how they can be used in scams, check out the following NASAA advisories:

- **Impersonation Scams**

(<https://www.nasaa.org/78175/informed-investor-advisory-impersonation-scams/?qoid=investor-advisories>)

- **Crypto Recovery Room Scams**

(<https://www.nasaa.org/78036/>

[informed-investor-advisory-crypto-recovery-room-scams/?qoid=investor-advisories](https://www.nasaa.org/76556/informed-investor-advisory-crypto-recovery-room-scams/?qoid=investor-advisories))

What You Need to Know about

- **Crypto ETFs**

(<https://www.nasaa.org/76556/informed-investor-advisory-crypto-etfs/?qoid=investor-advisories>)

- **Bitcoin ATMs**

(<https://www.nasaa.org/76541/informed-investor-advisory-bitcoin-atms/?qoid=investor-advisories>)

- **Elaborate Cryptocurrency**

Scams Involving Self-Proclaimed “Investment Education Foundations” and

- **“Proprietary” AI Bots**

(<https://www.nasaa.org/75050/informed-investor-advisory-crypto-scams-investment-education-ai-bots/?qoid=investor-advisories>)

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Endnotes

- **“Registered, Professional” CryptoTrader Scams**
(<https://www.nasaa.org/73478/informed-investor-advisory-registered-professional-crypto-trader-scams/?qoid=investor-advisories>)
- **Relationship Investment Scams**
(<https://www.nasaa.org/73201/nasaa-investor-alert-relationship-investment-scams/?qoid=investor-advisories>)
- **Don’t Get Swept Away by a Romance Scam**
(<https://www.nasaa.org/72703/informed-investor-advisory-dont-get-swept-away-by-a-romance-scam/?qoid=investor-advisories>)

1. See NASAA’s InformedInvestor Advisory: Bitcoin ATMs (<https://www.nasaa.org/76541/informed-investor-advisory-bitcoin-atms/?qoid=investor-advisories>).
2. See https://coinflip.tech/blog/bitcoin_atm_stats.
3. See Federal Bureau of Investigation, 2025 Internet Crime Report, _____ p. 53. (https://www.ic3.gov/AnnualReport/Reports/2025_IC3Report.pdf).
4. See Attorney General Schwalb Sues Crypto ATM Operator for Financially Exploiting District Residents (<https://oag.dc.gov/release/attorney-general-schwalb-sues-crypto-atm-operator>).
5. See Attorney General Bird Sues Crypto ATM Companies for Costing Iowans More than \$20 Million (<https://www.iowaattorneygeneral.gov/newsroom/attorney-general-bird-sues-crypto-atm-companies-for-costing-iowans-more-than-20-million#:~:text=February%2026%2C%202025-,Attorney%20General%20Bird%20Sues%20Crypto%20ATM%20Companies%20for%20Costing%20Iowans,with%20the%20Ankeny%20Police%20Department>).

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