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I. PURPOSE


Electronic membership applications allow individuals to join a credit union and fund new accounts without having to physically enter a branch location. The electronic membership application must obtain sufficient information to comply with the credit union's customer identification program. Additionally, the process must include checking the applicant against the Office of Foreign Asset Control (OFAC) lists before making the membership decision. The process must provide a means for determining and documenting membership eligibility per Section 352 of the Michigan Credit Union Act and Article III of the credit union's bylaws as well as compliance with all applicable rules and regulations.

II. PRIMARY REFERENCES / RELATED REGULATIONS

1. Michigan Credit Union Act:
 - a. [Section 352: Domestic credit union; membership](#)
 - b. [Section 353: Membership; conditions](#)
 - c. [Section 408: Automated information processing services](#)
2. [NCUA Rules and Regulations Part 748.2\(2\)](#)
3. [USA Patriot Act](#)
4. [Bank Secrecy Act](#)
5. [Electronic Fund Transfers: Regulation E](#)
6. [Expedited Funds Availability Act Regulation CC](#)
7. [Truth in Savings Act](#)
8. [Fair Credit Reporting Act](#)
9. [NCUA Letter to Credit Unions 07-CU-13: Evaluating third party relationships](#)


III. MINIMUM PROCEDURES

1. Ensure procedures have been implemented to provide new members appropriate disclosures either electronically or in hard copy. Appropriate disclosures include the membership agreement, fee structure, and assortment of consumer compliance requirements including Regulation E, Regulation CC, and Fair Credit Reporting Act. Credit union officials must document procedures to confirm each new member receives and acknowledges all required disclosures.
2. Review policies and/or procedures pertaining to the electronic membership application process to ensure consistency, compliance

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with regulations, and understanding of the complete process. Credit union officials should tailor the procedures to the application model used and accepted risk level. Minimally, policies or procedures should address:

- a. Individual(s) responsible for oversight.
 - b. Required information to be obtained for applicants and beneficiaries.
 - c. Validating applicant information through various sources or means.
 - d. Membership approval and denial standards including internal scoring methods if applicable.
 - e. Type and level of products and services new members may receive upon joining.
 - f. Process for providing required disclosures.
 - g. Funding options for the new account(s) along with minimum and maximum funding limits.
 - h. Process for applicant acknowledgement of membership by either electronic or other means.
 - i. Maintenance and security of incomplete and/or denied applications.
3. Ascertain if the electronic membership application process is included within the risk management program. The Board of Directors should provide for adequate oversight and assessment of this service. Oversight includes periodic internal audit of the software program, approval process, and regulatory compliance along with monitoring the associated benefits and costs. Electronic membership applications should be part of the credit union's Comprehensive Information Security Program (CISP), information technology risk assessment, and Bank Secrecy Act / OFAC risk assessment.
 4. Ensure risk management systems include vendor due diligence, particularly if the application process is not part of the core data processing system. The Board of Directors and/or management must validate and regularly review any third-party vendor that maintains or has access to personal information.
 5. Discuss the procedures and processes for approving electronic membership cards with the membership officer.
 6. Review the credit union's Comprehensive Information Security Program (CISP), information technology risk assessment, and Bank Secrecy Act / OFAC risk assessment. Ensure the approval, denial, and acceptance of electronic membership requests are addressed.

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7. Review third-party relationships with the credit union which allow for electronic membership applications not part of the core data processing system.
8. Review a sample of recently approved electronic membership requests. The size of the sample should be dictated by the size of the credit union, previous findings, and risk structure. Ensure compliance with application policies, procedures, rules and regulations throughout the process of reviewing, approving, and denying electronic membership requests.