SUSANA A. MENDOZA
ILLINOIS STATE COMPTROLLER

Bank On Illinois

BANK ON ILLINOIS CERTIFICATION PROCESS FOR PRIVATELY INSURED CREDIT UNION PRODUCTS

The certification process will require a privately insured credit union to be approved by Bank On (CFE), the Illinois Department of Financial and Professional Regulation (IDFPR), and the Financial Products subcommittee[1] of Bank On Illinois. After approval by all three entities, the subcommittee will submit the information to the Illinois Office of Comptroller (IOC) for Bank On Illinois[2] certification. The products will not be Bank On (CFE) certified. Instead, they will be called "Certified Safe" and have a disclaimer that they are privately insured and not backed by the full faith and credit of the United States.

FIRST STEP: SUBMIT APPLICATION TO CFE TO ENSURE PRODUCT SATISFIES "CORE FEATURE" STANDARDS

The first step requires a credit union to apply online to Bank On (CFE) In the section asking for a "FDIC Certification #" or "NCUA ID#", it should indicate "Privately Insured". Then, Bank On (CFE) will review the application to ensure that it at least satisfies the "core feature" standards[3], not including the insurance requirement. If the credit union does not meet the standards, then it will cooperate with Bank On (CFE) to improve its products until it meets the requirements.

If the credit union meets the "core features" standard, then Bank On (CFE) will indicate that the financial product satisfies the Bank On (CFE) account standards, but the credit union utilizes private deposit insurance which does not have the explicit backing of the full faith and credit of the United States. Afterwards, the credit union will submit its application and supporting Bank On (CFE) documentation to the IDFPR for step two.

SECOND STEP: SUBMIT APPLICATION TO IDFPR TO ENSURE GOOD STANDING

The second step is for the IDFPR to review a credit union's financial condition. As its regulator, the IDFPR examines a credit union's financial condition every two years using the "CAMEL" rating system (capital adequacy, asset quality, management, earnings, and liquidity)[4]. (Note that the IDFPR is introducing an S for sensitivity to market risk to the CAMEL rating effective April 1, 2022 and the designation will be denoted as CAMELS.) The examinations are designed to ensure that a credit union's operations comply with safety and soundness expectations, as well as the Illinois Credit Union Act, rules and regulations, insurance requirements, and all other applicable laws. Bank On Illinois will only certify products for credit unions with high CAMELS ratings, which are ratings of 1 or 2 (out of 5). Because CAMELS ratings are considered sensitive information, a credit union must authorize the IDFPR to confirm that it meets the required CAMELS rating.

After review, IDFPR will indicate whether the credit union meets the required CAMELS rating and is in compliance with the Illinois Credit Union Act, rules and regulations, insurance requirements, and all other applicable laws. Afterwards, the credit union will submit its application, supporting Bank On (CFE) documentation, and IDFPR documentation to the Financial Products subcommittee for step three. Additionally, the credit union will also obtain documentation from American Share Insurance (ASI), its insurer, that it does not object to the certification of the credit's union product by Bank On Illinois.

THIRD STEP: SUBMIT APPLICATION TO FINANCIAL PRODUCTS SUBCOMMITTEE TO ENSURE ALL STEPS ABOVE

The third step is for the subcommittee to review the credit union's application and documentation to ensure that it has satisfied both Bank On (CFE) minimum product standards and the IDFPR CAMELS rating of 1 or 2, and that ASI has no objection to the product being certified. The subcommittee should meet with the credit union and complete the verification form prior to submitting the product to the IOC for Bank On Illinois certification.

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1 The Financial Products subcommittee is chaired by Andrea Justin, Vice President of Government/NFP Banking & Community Outreach at Wintrust Bank.
2 https://illinoiscomptroller.gov/about/bank-on/
3 https://joinbankon.org/certification-submission/
4 https://www.idfpr.com/dfi/cud/pdfs/DFICUBrocUpd.pdf

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BANK ON ILLINOIS FINANCIAL PRODUCTS SUBCOMMITTEE

CREDIT UNION "CERTIFIED SAFE" PRODUCT VERIFICATION FORM

Name of Credit Union:

Product Name:

Product Description:

- ☐ Application to Bank On (CFE)
- ☐ Letter from Bank On (CFE)
- ☐ Letter from Illinois Department of Financial and Professional Regulation
- ☐ Letter from American Share Insurance

The Chair of the Financial Products Subcommittee has verified that the product submitted to Bank On Illinois for certification has met the above requirements in accordance with the certification process.

Chair

Date