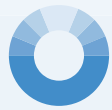


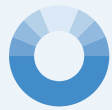
# Making the Most of the ChexSystems Bank On Bundle

In Winter 2021, the CFE Fund and ChexSystems announced a partnership to pilot a more expansive approach to the screening of new bank or credit union customers looking to open a Bank On certified account. The account screening service offers financial institution customers a “right-sized” screening approach that takes into consideration the significantly decreased risks associated with Bank On accounts, both for the financial institutions and for the potential new customers, particularly regarding exceeding available account balances. This Playbook chapter offers Bank On coalition leaders a basic primer on account screening, more details about the ChexSystems “Bank On Bundle,” and suggested talking points to discuss with partners.



## What are account screening consumer reporting agencies?

Bank and credit union account screening consumer reporting agencies operate proprietary databases that receive and report information to banks and credit unions about consumers' banking history. When an individual applies to open an account, these agencies provide a report for financial institutions on an account applicants' banking history and often offer a score that predicts the likelihood that a newly opened account will be closed for cause within the first year of account opening. They typically include a recommended decision to decline, review, or approve a potential new banking customer based on a financial institution's own risk parameter guidelines. Approximately 80% of banks and credit unions in the United States that use a vendor for their core processing use ChexSystems for their account opening screening process.



## How can someone's bank or credit union account history serve as a barrier to banking access?

Banks or credit unions often decline to open accounts for potential new customers who have a negative account history, related to issues such as accounts closed due to outstanding past due balances (including overdraft fees) or violation of account terms and conditions. Having negative information in a reporting system is so prevalent that according to the Federal Deposit Insurance Corporation (FDIC), **almost 14% of unbanked households** cited “problems with past banking or credit history” as a reason for not having an account.<sup>1</sup>



## What is the ChexSystems “Bank On Bundle”?

The Bank On Bundle, developed in partnership with the CFE Fund, is ChexSystems' new inclusive strategy to facilitate easier opening of no-risk, safe and affordable Bank On certified accounts by financial institutions through a “right-sized” new customer screening tool. Consistent with the strong protections against overdraft and insufficient fund transactions entrenched in the CFE Fund's Bank On National Account Standards and its strongly recommended screening approach, financial institutions employing this new strategy will only receive a ‘denial’ recommendation of a new potential customer if there was a fraud closure within the last 5 years. The financial institution, however, still retains final decision-making power to open the account, regardless of the screening recommendation.

A recommendation of ‘Review’ only will be issued if monies are owed to the financial institution by the applicant, a credit and/or ChexSystems freeze or ID theft alert exists, or if the applicant could be attempting new account fraud<sup>2</sup>. This review recommendation provides an informational message to the financial institution to take the appropriate steps, like obtaining identity verification, in line with their Compliance and Legal policies prior to opening the account.

<sup>1</sup> If your Coalition encounters individuals who are experiencing barriers to accessing a bank account due to their account history, ChexSystems has a [dispute process](#) available on their website. If your locality has a [Financial Empowerment Center](#) or other financial counseling program, you may also want to connect individuals with these services for guidance on resolving thornier issues.

<sup>2</sup> For example, check kiting or identity theft.

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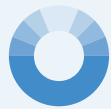


www.cfefund.org/bankon

Financial institutions can customize the bundle, which is available free of charge for all financial institutions already using QualiFile®, ChexSystems' behavioral risk assessment service.

The Bank On Bundle is designed to help welcome more unbanked customers into the financial institution's customer base and the financial mainstream, while still respecting the financial institution's risk tolerance. Preliminary evidence shows that, compared to other checking accounts, Bank On certified accounts using the Bank On bundle have lower closure rates due to negative balance and fraud issues.<sup>3</sup>

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### How can my coalition make best use of this new tool?

Bank On coalitions can engage with their financial institution partners with Bank On certified accounts to see if they are using the Bank On Bundle as part of their account screening process, and encourage them to use this strategy if not.

### Sample talking points are below.

- **What is the ChexSystems Bank On Bundle?**

The Bank On Bundle is ChexSystems' new inclusive screening strategy to better help your financial institution open low-risk, safe and affordable Bank On certified accounts.

- **How does the Bank On Bundle work?**

Since the Bank On National Account Standards do not allow overdraft and insufficient fund transactions, financial institutions using the Bundle only will receive a 'Denial' recommendation of a new potential customer if a fraud closure exists within the last 5 years, and not for past issues with overdraft or insufficient funds. Regardless of the recommendation, the financial institution retains the final decision-making power of whether or not to open the account.

- **What are the benefits of using the Bank On Bundle?**

Using the Bank On Bundle can help your institution broaden its customer base and get more people into your Bank On certified account. Your institution can utilize the Bundle to fit your risk appetite, and it's free if your institution is already using QualiFile®.

- **How do I get started?**

Contact [Brenda Bruce](#) at ChexSystems to get started. Visit <https://www.fisglobal.com/en/fis-bank-on> for more information.

<sup>3</sup> Two other products in the Bundle, ChexInsights and ChexEDU, also can help financial institutions manage their new account performance metrics and aid in consumer financial counseling respectively.