**Section 185.240 Service Test**

a) Scope of test. The service test evaluates a credit union's record of helping to meet the credit needs of its assessment field by analyzing both the availability and effectiveness of a credit union's systems for delivering retail banking services and the extent and innovativeness of its community development services. Credit unions that provide all or a majority of their services via mobile and other digital channels must fulfill their obligation to meet the financial service needs of their assessment fields, including low-income to moderate-income neighborhoods, consistent with their common bond.

b) Areas benefited. Community development services must benefit a credit union's assessment field.

c) Affiliate service. At a credit union's option, the Secretary will consider, in the assessment of a credit union's service performance, a community development service provided by an affiliate of the credit union, if the community development service is not claimed by any other institution and in this regard the credit union shall monitor and keep records of whether such claims exist.

d) Performance criteria − Retail Banking Services. The Secretary evaluates the availability and effectiveness of a credit union's systems for delivering retail banking services, considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:

1) the current distribution of the credit union's branches among low-, moderate-, middle-, and upper-income geographies, if applicable;

2) in the context of its current distribution of the credit union's branches, the credit union's record of opening and closing branches, particularly branches located in low- and moderate-income geographies or primarily serving low- and moderate- income individuals;

3) the availability and effectiveness of alternative systems for delivering retail banking services (e.g., ATMs, surcharge-free ATMs within its network, ATMs not owned or operated by or exclusively for the credit union, banking by telephone or computer, loan production offices, bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals;

4) the range of services provided in low-, moderate-, middle-, and upper- income geographies, if applicable, and the degree to which the services are tailored to meet the needs of those geographies; and

5) The credit union's record of effectively marketing its retail banking services and products to unbanked or underbanked persons and offering retail banking services and products targeted to meet the needs of unbanked and underbanked persons. In determining whether a credit union offers retail banking services and products targeted to meet the needs of unbanked and underbanked persons, the Department shall consider:

A) whether the credit union is BankOn certified or offers accounts substantially and materially similar to BankOn certified accounts; or

B) whether the credit union offers financial services and products to users of alternative financial products or services, provided that, that the credit union has affirmatively and reasonably demonstrated that:

i) the credit union offers such accounts or such financial services and products in conjunction with focused and sustained marketing efforts reasonably designed to reach unbanked and underbanked persons;

ii) unbanked and underbanked persons may reasonably conveniently obtain or use such accounts or such financial services and products; and

iii) the credit union offers such accounts or such financial services and products at a cost to the unbanked and underbanked persons that is significantly lower than would otherwise be incurred by the users of alternative financial products or services.

e) Performance criteria − Community Development Services. The Secretary evaluates community development services considering all of the applicable assessment factors in Section 185.200 and pursuant to the following criteria:

1) the extent to which the credit union provides community development services; and

2) the innovativeness and responsiveness of community development services.

f) Service performance rating. The Secretary rates a credit union's service performance as provided in 185.APPENDIX A (Ratings).