



# Credit Union Front Line

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The monthly sales and service newsletter  
for professional tellers, call center staff,  
and member service representatives

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## Get It Straight: Membership vs. Account Ownership

While consumer protection regulations are becoming more detailed and complex, some things never change. For the foreseeable future, credit union staff still must understand the fundamental difference—and correlation—between membership and account ownership.

### Membership

One definition of “member” is “one of the persons who compose a social group (especially individuals who have joined and participate in a group organization).” Applying the words “join” and “participate” to credit unions:

► **Join:** A person who falls within a credit union’s field of membership is eligible to join it, provided he or she follows certain requirements found in either state or federal law and/or a credit union’s bylaws.

These requirements include completing an application for

membership whereby the person agrees to, among other things, the credit union’s bylaws; purchasing

ing from the credit union, serving on the credit union board or committees, or voting at the credit union annual meeting. Remember: Only members can participate in membership privileges.



**Mere joint ownership doesn’t necessarily entitle a joint account owner to membership privileges.**

### Joint account ownership

Many credit union staff consider joint account owner status the same as membership. However, joint ownership is not membership. Mere joint ownership doesn’t necessarily entitle a joint owner to membership privileges.

To be certain about account status, check the account agreement and your credit union’s policies and procedures regarding adding joint owners.

Many credit unions, for example, use a signature card or account agreement that also incorporates membership agreement language. So, a joint account applicant who signs this type of card/agreement fulfills the membership qualification and application requirement.

However, the applicant also must purchase one share and pay any applicable membership fee.

Remember: To be a member, a joint applicant must fulfill all your credit union’s requirements for membership.

If your credit union uses a separate membership agreement

one share (par value), not necessarily in a regular share account; and/or paying a membership fee, if applicable.

► **Participate:** Someone who has joined a credit union by following these requirements is then eligible to participate in membership privileges.

These privileges include borrow-

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card, a joint owner must complete it—along with the joint account agreement—to become a member. Again, the joint owner also must purchase one share and pay any membership fee.

Some credit unions' policies require that joint owners also must hold separate membership

accounts (that is, share accounts with the person as sole owner).

This isn't a legal or regulatory requirement, but it's one way to address the sometimes complex issue of distinguishing members from account owners—for example, regarding voting privileges.

When in doubt about membership and joint account ownership, check with your supervisor or your credit union's compliance staff. ■

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## Leverage Auto Loan Opportunities

Tight credit markets, low consumer confidence, and the weight of the struggling economy landed heavily on the country's "big three" auto makers—Chrysler, Ford, and General Motors. As a result, thousands of auto dealerships have

may offer:

► **Credit insurance.** Despite great auto buying deals, consumers wary of making big-ticket purchases right now may be more comfortable working with a credit union lender, especially one that can

deflect financial risks through affordable credit insurance. Share this information with members. It may help them make decisions about their next vehicle purchases.

► **Guaranteed asset protection (GAP).** Dealerships set to close continue to offer great deals on their remaining inventory. But buyers may not realize these vehicles likely will

experience steeper-than-normal depreciation. Remind eligible members that GAP is available to help stem the loss of value.

If a member's new vehicle is stolen, damaged beyond repair, or declared a total loss, the primary insurance settlement only covers the actual cash value of the vehicle and not what's owed on the loan. Because the difference could add up to thousands of dollars, members will appreciate knowing GAP insurance is a viable option.

► **Mechanical repair coverage.** Members may no longer have access to local dealers for vehicle

repairs. Closing dealerships mean closing service centers. Mechanical repair coverage is accepted at thousands of repair centers across the country—from new car dealers to independent repair centers.

This coverage pays for covered repairs when an unexpected breakdown occurs—the kind of expense many people have trouble saving for during challenging times. Remind members of this coverage, which could save them thousands of dollars in costly repairs and strengthen your relationships with them.

Find out which auto lending and protection products your credit union offers, directly or through a credit union service organization. These products are more important during tough times because people keep their vehicles longer.

The median age of passenger cars increased to a record-high 9.4 years in 2008, according to R. L. Polk & Co. Also, 64% of consumers surveyed said they were "extremely or very likely" to keep their vehicles longer than they would under different economic circumstances.

Turn these challenges into opportunities. You can add value to members' auto purchasing decisions, while deepening their relationships with your credit union. ■

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**Turn auto buying challenges into opportunities for your credit union and its members.**

closed, will close, or are consolidating—causing challenges for auto lenders and potential buyers.

But those challenges can become opportunities for credit unions and their members. On the front line, you can help capture some of the business through member relationships and interactions, especially as members work through their own economic challenges.

Pay close attention to members' auto lending and protection needs. Position your credit union to meet those needs through core auto products and services.

For example, your credit union

# Seven Ways to Defuse Angry Members

Shouting, accusations...perhaps profanity: From time to time, you'll face these challenges with angry members. Sometimes, you can't show your true emotions ("The costs of emotional labor").

To take control in these situations, pull out these ready responses:

**1** "Let's go over what happened." Force the member to think, not just to vent. Show you're genuinely interested in his or her version of the situation. This allows you to listen and gives you time to devise a solution.

**2** "Let's get together to talk about this." People often are angrier on the phone than they would be in the branch. Suggest a face-to-face meeting. Travel time allows a cooling-off period.

**3** "Let's share what happened with someone else."

Sometimes you need to get a co-worker or manager involved. Don't leave the member alone while you go to tell your side of things, though. When possible, take the member along. If it appears you're gang-ing up on the member, he or she may become defensive. Call for an informal arbitrator to approach the situation objectively.

**4** "Let's see what we can do to resolve this." This statement affirms your intent to hammer out a solution. It moves everyone past accusations and toward identifying what went wrong and how to correct it.

**5** "Let's hear how you think we should solve this." Be careful: You want the resolution to be obvious. The more steam the member already has let off, the greater everyone's chances for success.

**6** "Let's talk about ways to avoid this in the future."

This statement stops the tirade in its tracks. It offers a tone of ongoing commitment. When the member recognizes your focus is on his or her future needs (instead of proving you're right), you can work through the situation.



Then listen. If the member offers a reasonable solution, implement it. It may not be what you would have offered; it may be less than you would have offered. But it's the member's idea, so go with it if you can.

**7** Let's use "let's" as much as possible. Well, you won't actually say this out loud. Let your body language and tone of voice indicate your desire to work through the obstacle. Defuse any attempt to draft this as "us versus them."

"Let us" is a partnership phrase. Use it to indicate you believe a common understanding is an important outcome. Defuse the angry member and you'll be rewarded with loyalty ("Problem of the month," 8/09). ■

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## THE COSTS OF EMOTIONAL LABOR

Maintaining professionally positive expressions when members are angry is hard work. It's a type of work termed "emotional labor" by some psychologists.

The term emotional labor applies to employees who must modify their emotions — or at least their facial expressions — when dealing with members or customers. Emotional labor may create significant stress, leading to mental and physical problems.

Penn State University Assistant Professor Dr. Alicia Grandey studies the effects of emotional labor. Her research reveals that emotional labor requiring you to always deliver service with a smile leads to major stress, which has mental and physical costs ("Service with a [fake] smile comes with a price," 1/07).

For specific coping skills, talk to your supervisor or visit your credit union's human resources department.

## ABOVE & Beyond

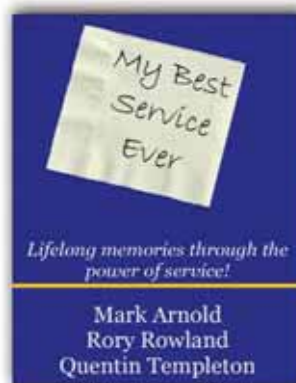
**M**ark Arnold, senior vice president, Neighborhood Credit Union, Dallas, recently co-authored a book, "My Best Service Ever," a collection of stories about "wow" service experiences.

One story from the book describes a situation when the Social Security Administration (SSA) made an error with one of the credit union's members. Here's an excerpt:

"The SSA reported [Mrs. Miller] as being deceased and therefore stopped her direct deposit. Obviously, when Mrs. Miller found out she was dead she was a little upset (because she was very much alive and kicking)!"

Neighborhood Credit Union arranged a conference call with the credit union, the member, and the SSA. But the SSA said since the matter involved someone who was "deceased" they required that the person appear in person at their offices (sort of a Lazarus experience).

Unfortunately, Mrs. Miller was almost 80 years old and recovering from hip surgery (not death). So the credit union call center representative that had been helping Mrs. Miller went to the member's home, drove her to the SSA office, assisted her in resolving the matter, and even took her to lunch on the way home."



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