



# Financial Institutions on DoD Installations 101

*Defense Finance and Accounting Service*

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**WHY? WHAT DO  
THEY DO?**

**ARE THERE  
RULES? HOW?**

**I WISH I KNEW MORE!**



## Department of Defense (DoD) Need for Financial Services

- ✓ Country began mobilizing for war in 1941
- ✓ Disbursing officers needed cash for payrolls
- ✓ Needed Dollars and foreign currency abroad



## Commercial Banks

- ✓ On DoD installations since 1942
- ✓ Overseas military banking facilities began in 1947

## Credit Unions

- ✓ On DoD installations since 1928
- ✓ First credit union on DoD installation overseas opened in 1967





- ▶ Morale and Welfare
  - ✓ Retail products and services for individuals
  
- ▶ Financial Education
  
  
- ▶ Support of Official DoD Operations
  - ✓ Cash requirements
  - ✓ Deposits to US Treasury
  - ✓ Exported US Dollar economy overseas



## CONUS

- Commercial Banks
- Credit Unions

## OCONUS

- Credit Unions
- Foreign Banks
- Military Banking Facilities



- ▶ Policy and Procedures Exist For Financial Institution (FI) Operations
  - ✓ Department of Defense Instruction (DoDI) 1000.11
  - ✓ Part 230 of Title 32, Code of Federal Regulations
  - ✓ Part 231 of Title 32, Code of Federal Regulations
  - ✓ DoD Financial Management Regulation (FMR) Volume 12, Chapter 33
  
- ▶ No More Than One Bank and One Credit Union Per Installation
  
- ▶ There Are Procedures To Follow
  - ✓ For DoD to establish FI services on DoD installations
  - ✓ For DoD to oversee and support FI operations on DoD installations
  - ✓ For FIs while operating on DoD installations
  - ✓ For DoD to terminate FI services on DoD installations



## Policy and Procedures Apply To:

- ✓ Office of the Secretary of Defense
- ✓ Military Departments
- ✓ Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff
- ✓ The Combatant Commands
- ✓ The Office of the Inspector General of the Department of Defense
- ✓ The Defense Agencies
- ✓ The DoD Field Activities
- ✓ All non-appropriated fund instrumentalities, including the Military Exchange Services and morale, welfare, and recreation activities
- ✓ All other organizational entities within the Department of Defense



## Joint Ethics Regulation, DoD 5500.7-R

✓ 3-212. Relationships Governed by Other Authorities. In addition to the provisions of this Chapter, certain organizations have special relationships with DoD or its employees specifically recognized by law or by other directives. These organizations include:

- a. Certain banks and credit unions

(DoD Instruction 1000.11 (Reference (q)))





# How Do Financial Institutions Get on Installations?



## Installation Commander Determines Need

## CONUS

- ✓ Solicitation of banks in local area
- ✓ May be expanded
- ✓ Lease
- ✓ Operating Agreement

## OCONUS

- ✓ Centrally run contract
- ✓ Geographic Franchise (Credit Unions)
- ✓ Seeking foreign bank operations



# How Do Financial Institutions Get on Installations?



- ▶ Lease of Real Property
  
- ▶ Operating Agreements (FMR V12, CH33 330310)
  - ✓ Agreement between the Installation Commander and the FI
  - ✓ Prior to commencement of FI operations
  
- ▶ Financial Institution Agrees to Comply with:
  - ✓ FMR V12, CH33
  - ✓ DoD Instruction 1000.11 (32 CFR, 231)





- ▶ Days and Hours of Operations
- ▶ Products and Services Offered and Associated Fees
- ▶ Location of ATMs
- ▶ Logistical Support Provided and Associated Reimbursement
- ▶ Operating Agreement Contents May Vary
- ▶ Sample Operating Agreement in FMR Volume 12, Chapter 33





## Policy

- ✓ **Installation commanders** shall not seek the provision of financial services from any entity other than the on-base banking office or credit union (FMR V12, CH33 330301E)
- ✓ **Military disbursing offices, non-appropriated fund instrumentalities (including MWR activities and the Military Exchange Services), and other DoD Component activities** requiring financial services shall use on-base financial institutions to the maximum extent feasible (FMR V12, CH33 330301F)
- ✓ For **individuals**, the use of on-base financial institutions is voluntary and should not be urged in preference to, or to the exclusion of, other financial institutions (FMR V12, CH33 330205J2)





## Financial Services: Those Services Commonly Associated with Financial Institutions in the United States (32 CFR §231.9)

- ✓ ATMs
- ✓ Web banking
- ✓ Checking accounts
- ✓ Share accounts
- ✓ Funds Transfers
- ✓ Loan services
- ✓ Safety deposit boxes
- ✓ Redemption of US Savings Bonds
- ✓ Acceptance of utility payments
- ✓ Any other services provided by financial institutions



# Who Can Provide Financial Services On The Installation?



- ▶ Only Financial Institutions Perform Retail Banking Operations (FMR V12, CH33 330311A)
  - ✓ ....and only the financial institutions authorized to operate on the installation in accordance with the FMR
  
- ▶ Retail Banking Operations Shall Not Be Performed by:
  - ✓ Any DoD Component
  - ✓ Any non-appropriated fund instrumentality including the Military Exchange Services and MWR activities
  - ✓ Any other organizational entity within DoD





## Financial Education (FMR V12, CH33 330309A)

- ✓ On-base financial institutions shall be invited to take part in seminars to educate personnel on personal financial management and financial services
  
- ✓ Financial institutions shall be encouraged to provide financial education and counseling services as an integral part of their financial service offerings
  
- ✓ Officials of on-base financial institutions shall submit advance briefing texts for approval by the installation commander to ensure that the program is not used to promote services of a specific financial institution





- ▶ Provide no cost financial education, training, and counseling (FMR V12, CH33 330311G)
  - ✓ Basic personal and family finance items
    - ✓ Budgeting
    - ✓ Checkbook balancing and account reconciliation
    - ✓ How to start a savings program and benefits of doing so
    - ✓ Prudent use of credit
    - ✓ How to shop and apply for credit
    - ✓ Consequences of excessive credit
  
- ▶ DoD personnel in junior enlisted or civilian grades, or newly married couples who apply for loans, shall be given special attention and counseling





# Can Any Financial Institution Provide Training?



- ▶ Only the Financial Institutions Authorized to Operate on the Installation in Accordance with the FMR
- ▶ Other Non-Governmental Organizations May Provide Training
  - ✓ DoDI 1344.07 Personal Commercial Solicitation on DoD Installations Contains Policy





- ▶ Treasury General Accounts (TGA) (FMR V12, CH33 330306)
  - ✓ On-base financial institutions may serve as custodians of money in excess of amount authorized to be held by DoD Accountable Officials
  - ✓ Acceptance of monies for deposit to US Treasury
  - ✓ Agreement and compensation terms between US Treasury and financial institution
  
- ▶ DoD Accountable Officials submit TGA creation requests:
  - ✓ Through the administrative office of their Department or Agency to Treasury Financial Management Services (FMS)
  - ✓ The DoD Banking and Credit Union Office is the administrative office for DoD





## Advertising is Allowed

- ✓ On-base financial institution may use the unofficial section of the installation's daily bulletin to inform DoD personnel of financial services and announce seminars, consumer information programs, and other matters of broad general interest
  - Cannot use above for competitive or comparative advertising of products and services (FMR V12, CH33 330304A)
- ✓ An on-base financial institution may use installation bulletin boards, newsletters or web pages to post general information that complements the installation's financial counseling programs and promotes financial responsibility and thrift (FMR V12, CH33 330304B)
- ✓ An on-base financial institution may include an insert in the installation's newcomers package (or equivalent) to identify the financial services that are available on the installation (FMR V12, CH33 330304C)



# Can Any Financial Institution Advertise on the Installation?



- ▶ Only the Financial Institution(s) Authorized to Operate on the Installation in Accordance with the FMR
- ▶ Installation Activities, Including Military Exchange Services and Concessionaire Outlets, Shall Not Permit the Distribution of Literature from Off-Base Financial Institutions If There Is an On-Base Financial Institution (FMR V12, CH33 330304G)
  - ✓ Affinity-cards are exempted
- ▶ Off-Base Financial Institutions Are Not Permitted to Distribute Competitive Literature or Forms on the Installation (FMR V12, CH33 330304E)



# What About Sponsorships By Off-Base FIs?



- ▶ Commercial Sponsorships Are Allowed
- ▶ DoDI 1344.07 Personal Commercial Solicitation on DoD Installations
- ▶ A Company Cannot Advertise or Distribute Literature That Promotes Competitive Financial Services and/or Products Offered by the On-Base FI
- ▶ A Sponsorship Cannot Be Used to Gain Access to Collect Information for Solicitation Through Raffles, Drawings, or Surveys Without Individual Written Consent to Be Solicited Beyond the Event



# DoD Banking and Credit Union Programs Overview



Department of Defense  
OSD(C), OSD(P&R)



**DoD Banking and Credit Union Office**  
**Defense Finance and Accounting Service**

Columbus, Ohio



Military Service LOs



Installation



Installation  
FIs

**CommunityBank**

Operated by **Bank of America** Member FDIC

- 65 offices in 10 foreign locations
- 287 no-fee ATMs in network
- Supports DoD funding mission (U.S. dollar and foreign currency)

**Trade Associations**

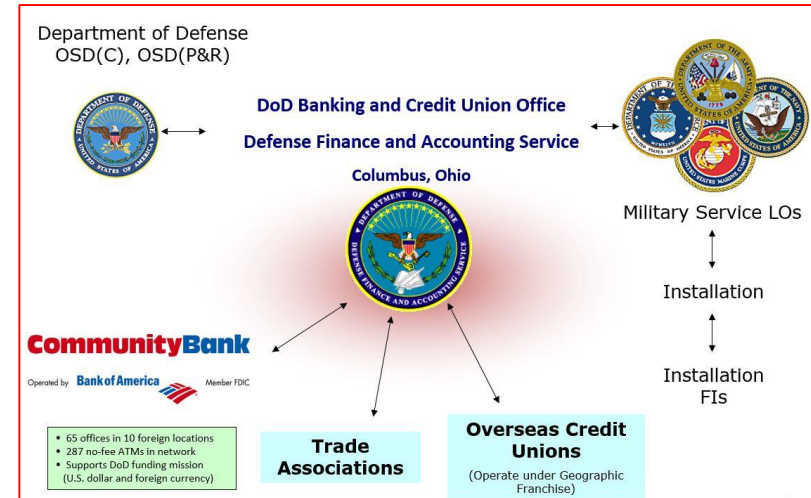
**Overseas Credit Unions**  
(Operate under Geographic Franchise)

# Key Role: DoD Banking & Credit Unions Programs Office



## ► FMR, Volume 12, Chapter 33, Paragraph 330204

- ✓ Policy and procedures
- ✓ Program management
- ✓ Coordinate with Military Services
- ✓ Coordinate with US Treasury
- ✓ Coordinate with OSD Comptroller and OSD Personnel and Readiness
- ✓ Liaison with Industry



# Key Role: Military Service Liaison Officers



## Stateside Senior Representatives

- ✓ Provide oversight for programs
- ✓ Liaison with industry
- ✓ Coordinate requirements for financial services on installations



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USMC: Mr. Dave Fuqua (703) 432-9813  
[david.fuqua@usmc.mil](mailto:david.fuqua@usmc.mil)



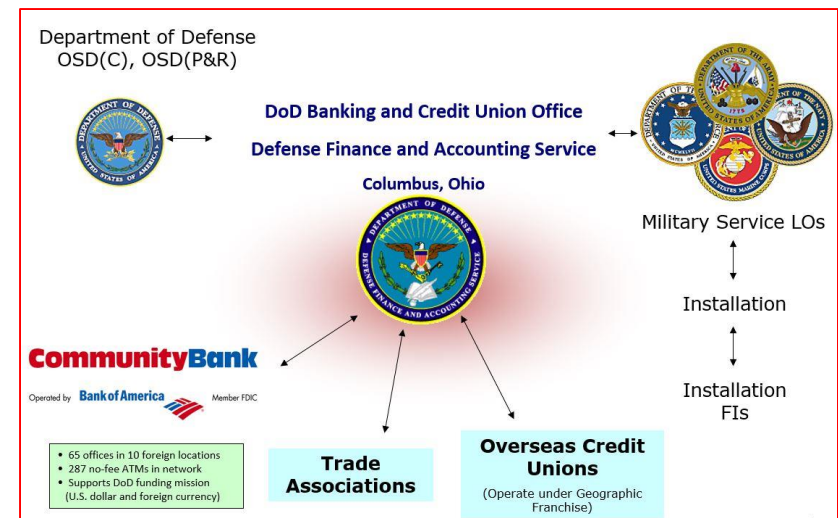


# Key Role: Installation Commander



## ► FMR, Volume 12, Chapter 33, Paragraph 330207

- ✓ Decide financial services needed on installation
- ✓ Designate installation Liaison Officer (LO)
- ✓ Must only seek financial services from on-base financial institutions
- ✓ Provide office space and logistical support in accordance with the FMR
- ✓ Invite on-base financial institutions to participate in newcomer briefings and financial education seminars



# Key Role: Installation Liaison Officer (LO)



- ▶ FMR, Volume 12, Chapter 33, Paragraph 330408
  - ✓ Assigned to comptroller or resource management personnel
  - ✓ Vital link between installation commander and financial institutions
  - ✓ Ensure that lease and operating agreements are current
  - ✓ Assist in resolving complaints and monitors on-base financial services
  - ✓ Keep FIs informed of pending developments impacting services
  - ✓ Renegotiate the financial services offered and related service charges and fees as necessary
  
- ▶ The LO Name and Duty Telephone Number Is to Be Displayed at Each Financial Institution Office on the Installation



# Key Role: Installation Financial Institution



- ▶ Comply with Applicable Laws, Regulations, Policies, and Procedures
- ▶ Provide Like Products and Services as Available in the Local Area
- ▶ Maintain Liaison with Installation Commander, Base Leadership, and Installation LO
- ▶ Ensure Adequate Staffing
- ▶ Coordinate Leasing/Operating Agreements with Installation LO
- ▶ Offer Assistance with Personal Financial Education





## OVERSEAS MILITARY BANKING PROGRAM

## CREDIT UNIONS





- ▶ Status of Forces Agreements
  
- ▶ Other International Agreements
  
- ▶ Operate in Accordance with:
  - ✓ US Law
  - ✓ Applicable Host Country Law
  - ✓ Local Law
  - ✓ Contract (Overseas Military Banking Program)
  - ✓ Geographical Franchise (Credit Unions)





- ▶ Federal Acquisition Regulation Part 15 Procurement
- ▶ Cost-Plus Fixed-Fee Contract
- ▶ Commercial Financial Institution:
  - ✓ Furnishes Personnel
  - ✓ Operates
    - In accordance with DoD contract
    - In accordance with applicable US law and host country law
    - Under trade name “Community Bank”
- ▶ Military Services:
  - ✓ Determine operating locations and pay for operations
  - ✓ Provide facilities and logistical support at no cost
  - ✓ Coordinate products and services made available
  - ✓ Coordinate on fee structure





- ▶ Supports Exported U.S. Dollar Economy at DoD OCONUS Locations
  - ✓ Around One Million Monthly ATM Transactions
  - ✓ Approximately 700 Employees
  - ✓ Approximately 90,000 Deposit Accounts
  
- ▶ Stateside-Like Retail Banking Products and Services and Financial Education for Individuals
  - ✓ Service Members and Families
  - ✓ DoD Civilians and Families
  - ✓ DoD Contractors
  - ✓ Others as Permitted and Approved
  
- ▶ DoD Operations/Disbursing Officer Mission Support
  
- ▶ Organizations (DoD Education Activity, NAFIs, Private Orgs, Others)
  
- ▶ Credit Unions Operating Overseas





## Disbursing Officers

- ✓ Deposits receipts for credit to the U.S. Treasury
- ✓ Provides U.S. and local currency
- ✓ When permitted by host country
  - Provides host country currency checking account services
  - Provides third-country currency limited deposit accounts
- ✓ Effects EFTs or other bank transfers in U.S., host country, and third-country currencies
- ✓ Non-brick and mortar locations also supported







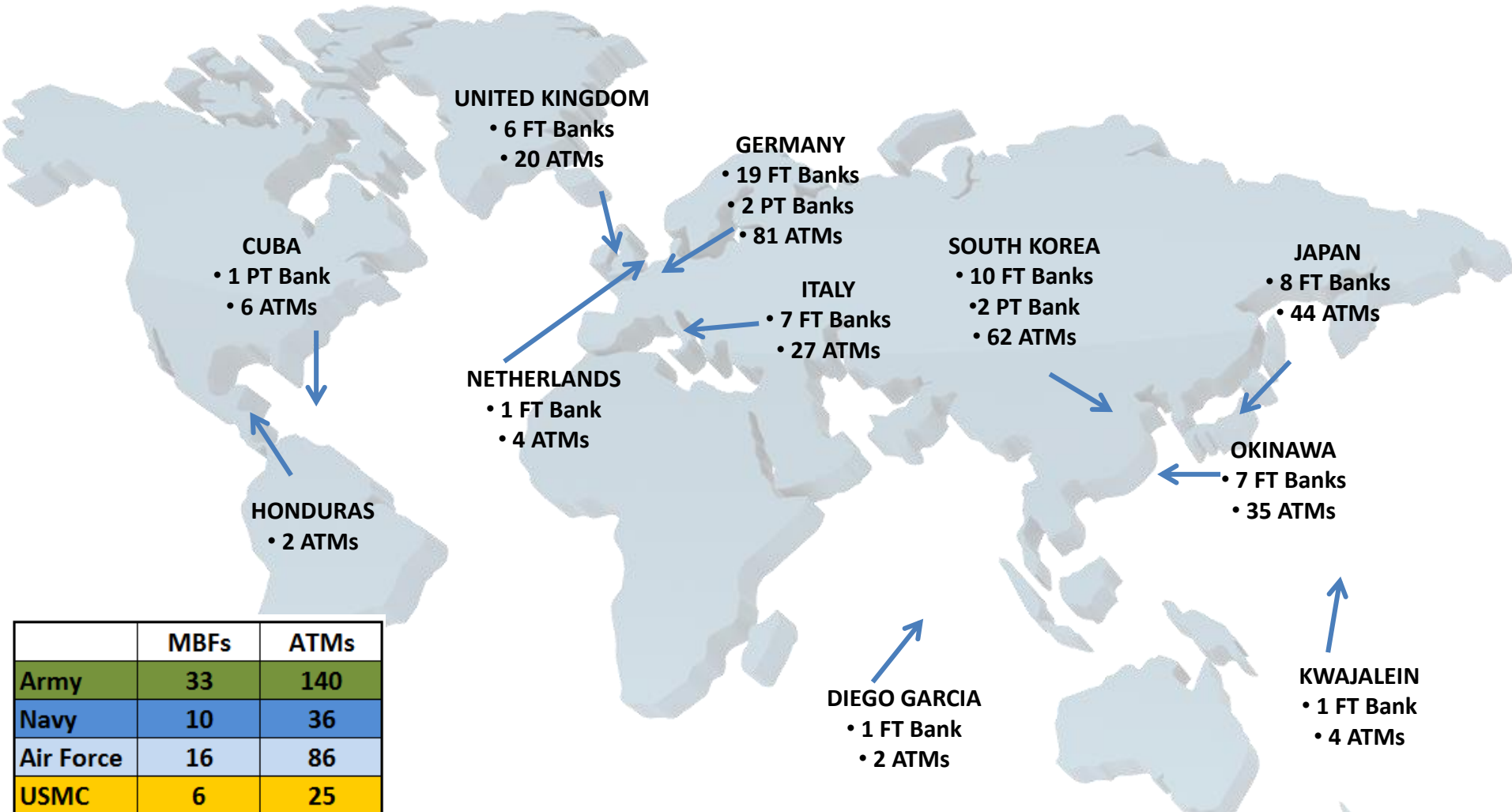
## Non-Appropriated Fund Instrumentalities

- ✓ U.S. Dollar Checking and Interest Bearing Accounts
- ✓ Local Currency Checking Account
- ✓ U.S. Dollar Savings Account
- ✓ U.S. Currency
- ✓ Local Currency
- ✓ Certificates of Deposit
- ✓ Night Depositories
- ✓ EFTs and Other Bank Transfers in U.S., Local, and Third-Country Currencies





## 65 Full-Time and Part-Time Community Banks 287 ATMs



	MBFs	ATMs
Army	33	140
Navy	10	36
Air Force	16	86
USMC	6	25



# Overseas Military Banking Program Facilities and ATMs





- ▶ Commanders Decide Need
- ▶ Decision to Provide Services Overseas Rests with the Credit Union
- ▶ Operate Under Geographic Franchise
- ▶ Serve Their Members and the Community
- ▶ Provide Financial Education

✓ Diego Garcia

✓ Germany

✓ Greece

✓ Guam

✓ Guantanamo Bay

✓ Italy

✓ Japan

✓ The Netherlands

✓ Okinawa

✓ Portugal

✓ Puerto Rico

✓ Singapore

✓ South Korea

✓ Spain

✓ Turkey

✓ United Kingdom



# Financial Institutions on DoD Installations - Europe



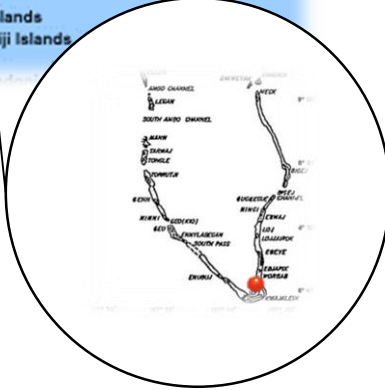
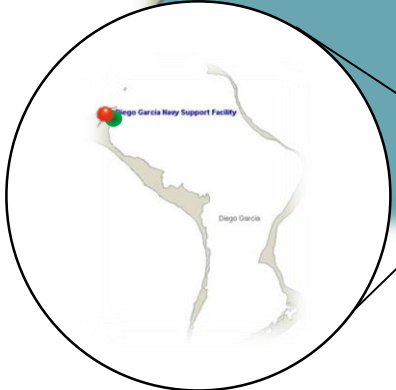
# Financial Institutions on DoD Installations - Pacific



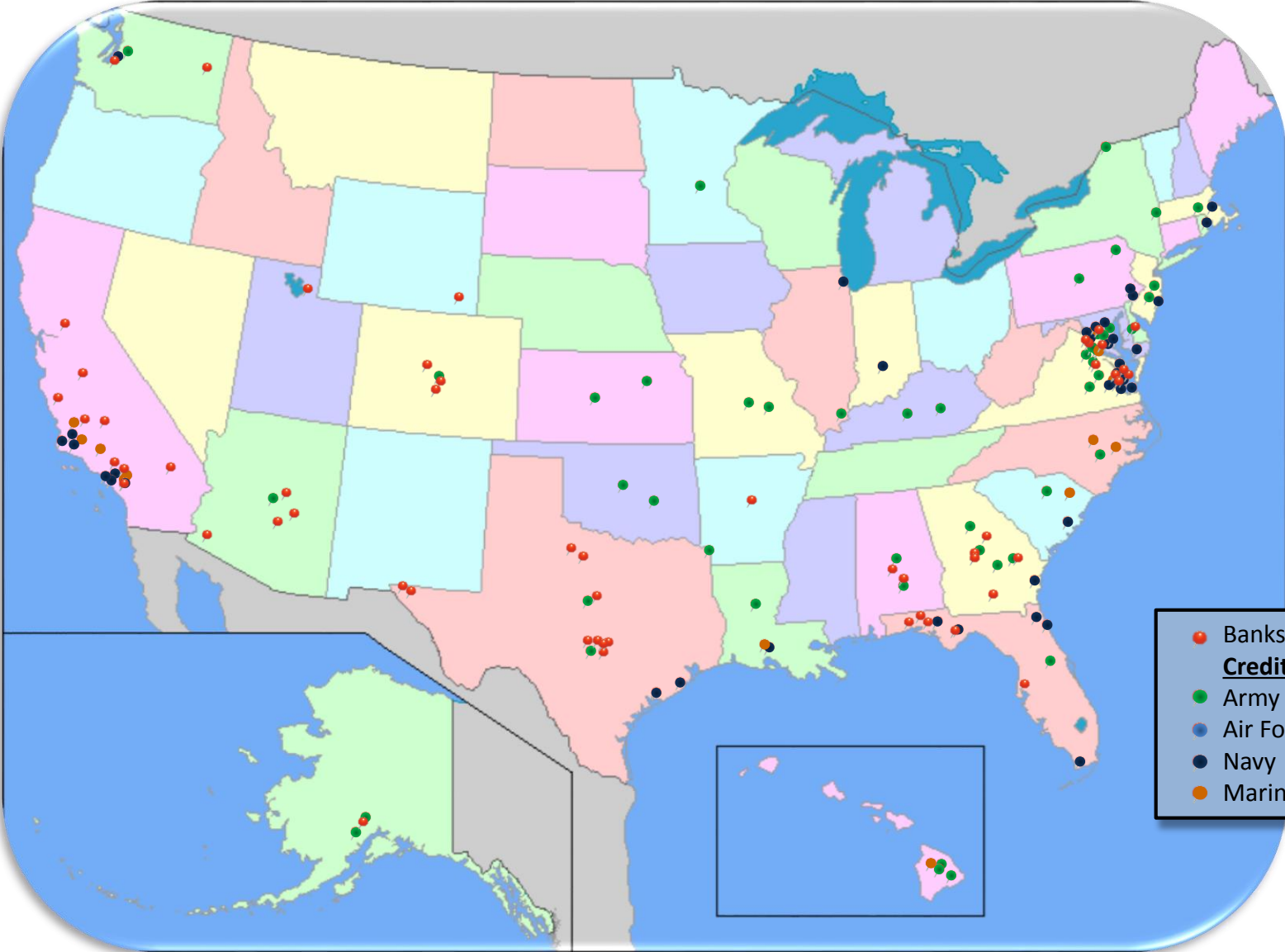
# Financial Institutions on DoD Installations - Others



- Community Banks
- Credit Unions



# Financial Institutions on CONUS DoD Installations



- Banks
- Credit Unions
- Army
- Air Force
- Navy
- Marine





# Community Support and Involvement



▶ Important and Valued Member of the Community

▶ Command Sponsored Events

- ▶ Welcome Briefings
- ▶ Special Days/Campaigns
- ▶ Schools





- ▶ CFR Title 32, Part 230 – Financial Institutions on DoD Installations  
<http://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=32:2.1.1.1.29>
- ▶ CFR Title 32, Part 231 – Procedures Governing Banks, Credit Unions and other Financial Institutions on DoD Installations  
<http://www.gpo.gov/fdsys/pkg/CFR-2013-title32-vol2/xml/CFR-2013-title32-vol2-part231.xml>
- ▶ DoD Instruction 1000.11 – Financial Institutions on DoD Installations  
<http://www.dtic.mil/whs/directives/corres/pdf/100011p.pdf>
- ▶ DoD FMR, Volume 12, Chapter 33 – Procedures Governing Banks, Credit Unions and other Financial Institutions on DoD Installations  
[http://comptroller.defense.gov/Portals/45/documents/fmr/Volume\\_12.pdf](http://comptroller.defense.gov/Portals/45/documents/fmr/Volume_12.pdf)
- ▶ Joint Ethics Regulation DoD 5500.07-R, Section 3-212  
<http://www.dtic.mil/whs/directives/corres/pdf/550007r.pdf>





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Questions About This Material, Other Questions About Financial Institution Operations on DoD Installations, or Requests for Financial Institutions on DoD Installations 101 Training May Be Sent To:

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