



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109

AUG 27 2009

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: On-Base Financial Institutions (FI): Bank and Credit Union Liaison Officers

1. Reference Department of Defense Financial Management Regulation (DoDFMR) Volume 5, Chapter 34, paragraphs 340307, 340508, and 340709.
2. To ensure the financial needs of Soldiers, family members, and civilians are met, I want to reemphasize that all garrison commanders having an on-base bank or credit union should appoint a Bank and Credit Union Liaison Officer (BLO/CULO). The liaison officers' name and duty telephone number should be prominently displayed in each FI.
3. Liaison officers should work closely with bank and Credit Union (CU) personnel to communicate the financial requirements from the commander, handle all banking related issues, and facilitate requests. An Operating Agreement (OA), signed by the commander and the FI manager, will establish the terms of operations, services, and support requirements. Liaison officers will ensure all parties adhere to the terms and conditions of the OA.
4. Liaison officers must be properly trained through attendance at workshops, annual bank and CU conferences, or appropriate seminars. Additional training information and resources are available at <http://www.asafm.army.mil/fo/fod/fincom/abp/abp.asp>.
5. The point of contact for this memorandum is the DA Banking Officer, [REDACTED] (703) 693-2698 or DSN 223-2698. Please ensure your liaison officer contacts him via the Army Banking webpage under the section entitled, "Update BLO/CULO Information or Report Issues."

John J. Argodale  
Deputy Assistant Secretary of the Army (Financial Operations) and  
Senior Official

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Commandant, U. S. Army Financial Management School (ATSG)

Commander, 18<sup>th</sup> Financial Management Command Provisional  
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Director, 175<sup>th</sup> Financial Management Center  
Director, 266<sup>th</sup> Financial Management Center

**(UNCLASSIFIED)**

INFORMATION PAPER

SFFM-FC-ZA  
14 October 2009

SUBJECT: Army Banking Program

1. Purpose: To provide updated transition information

2. Facts:

a. The regulations for on-base financial institutions on DoD Installations are the Department of Defense Financial Management Regulation, Volume 5, Chapter 34, Department of Defense Instruction (DoDI) 1000.11, and the Banking Liaison Officer reference guide.

b. In most cases, unless existing on-base prior to 1 May 2000, there can be only one bank and one credit union operating on a DoD Installation, IAW DoDI 1000.11.

c. The Garrison Commander appoints the Bank Liaison Officer/Credit Union Liaison Officer from the comptroller or resource management section, 340508.

d. The liaison officer ensures the financial institutions are providing services as outlined in the Operating Agreement and/or requested by the Garrison Commander to include free financial education, IAW DoDI 1342.27, and materials, 340508. Requests for additional financial services should be offered equally to the on-base FIs.

e. Liaison officers monitor and coordinate activities and events on-base to ensure entities providing products or services do not compete with the on-base financial institutions and compliance with the above regulations. This includes MWR sponsored events or requests from other tenants to invite outside entities onto the base, IAW DoDI 1344.07.

f. Liaison officers should attend training during the annual conferences to understand their responsibilities and receive updates from the Army and industry professionals.

3. Actions taken: The development of the Army Banking website with resources supporting the additional duties of the liaison officer at <http://asafm.army.mil/offices/fo/usafincom-abp.aspx?OfficeCode=1500>.

4. Conclusion: The on-base financial institutions provide quality of life support to the garrison and work closely with the appointed liaison officer who is the critical link between the bank or credit union manager and the commander. The Army Banking Officer will work closely with the base liaison officers, Defense Finance and Accounting Services DoD Banking and Credit Union Office, Association of Military Banks of America, Defense Credit Union Council, and the European Banking Officer, for the Overseas Military Banking Program, to resolve any banking related issues.



**SUMMARY OF MAJOR CHANGES TO  
DoDFMR, VOLUME 5, CHAPTER 34  
“FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS”**

Changes are denoted by blue font.

Substantive revisions are denoted by a ★ preceding the section, paragraph, table or figure that includes the revision

Hyperlinks are denoted by *bold, italicized, and underlined blue font*

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
	<i>This supercedes the previous version of this chapter, dated November 2008, found in the DoDFMR Archives.</i>	
<b>Multiple</b>	<b>Updated references to DoD Directive 1000.11 (canceled) with DoD Instruction 1000.11 (replaced the canceled Directive) within the chapter and Appendix C to the chapter. Also updated related hyperlinks.</b>	<b>Admin. Update</b>

340306. The Commanders of the Combatant Commands (or designees) shall:

A. Ensure the appropriate coordination of the following types of requests affecting financial institutions overseas.

1. Establish financial institutions in countries not presently served. Such requests will include a statement that the requirement has been coordinated with the U.S. Chief of Diplomatic Mission or U.S. Embassy and that the host country will permit the operation.

2. Eliminate any or all financial institutions on DoD installations within a foreign country. Such requests will include a statement that the U.S. Chief of Diplomatic Mission has been informed and that appropriate arrangements to coordinate local termination announcements and procedures have been made with the U.S. Embassy.

B. Monitor and coordinate military banking operations within the command area. Personnel assigned to security assistance positions will not perform this function without the prior approval of the Director, Defense Security Cooperation Agency (DSCA).

**340307. The Commanders of Major Commands and subordinate installation commanders shall:**

A. Monitor the banking and credit union program within their commands.

B. Coordinate requests to establish or construct bank and credit union offices or terminate logistical support as specified in this Regulation to banks and credit unions within their commands. Personnel assigned to overseas security assistance positions will not monitor, coordinate, or assist in military banking operations without the prior approval of the DSCA.

C. Assign, as appropriate, responsibility for subparagraphs 340307.A and B., to comptroller or resource management personnel.

D. Cooperate with financial institution associations, leagues, and councils.

E. Recognize the right of all DoD personnel to organize and join credit unions and promote the credit union movement in DoD worldwide.

F. Permit DoD personnel to serve on volunteer boards or committees of on-base financial institutions, without compensation, when neither a conflict of duty nor a conflict of interest is involved, in accordance with [DoD Directive 5500.7](#).

G. Allow DoD personnel to attend conferences and meetings that bring together representatives of on-base financial institutions, when neither a conflict of duty nor a conflict of interest is involved, in accordance with [DoD Directive 1327.5](#) and [subchapter 630 of the DoD Civilian Personnel Manual \(DoD 1400.25-M\)](#).

H. Seek the provision of financial services only from existing on-base financial institutions, proposing alternatives only where on-base financial institutions fail to respond favorably to a valid requirement.

I. Ensure to the maximum extent feasible, that all financial institutions operating on that installation are given the opportunity to participate in pilot programs to demonstrate new financial-related technologies or establish new business lines (e.g., in-store banking) where the respective DoD Component has determined that the offering of such services is warranted.

J. Approve requests for termination of financial services that are substantiated by sufficient evidence and forwarded to the Secretary of the Military Department concerned (or designee). The Secretary of the Military Department (or designee) shall coordinate such requests with the USD(C)/CFO, through the Director, DFAS, before notifying the appropriate regulatory agency.

**3404 GENERAL POLICY PROVISIONS**

340401. Financial Institutions on DoD Installations. In accordance with [DoD Instruction 1000.11](#), financial institutions or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency.

A. Except in limited situations overseas, only banking institutions insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund, or by another insurance organization specifically qualified by the Secretary of the Treasury, shall operate on DoD installations. These financial institutions may either be State or federally chartered; however, U.S. credit unions operated overseas shall be federally insured.

B. MBFs shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. The provisions for the Department of the Treasury to establish MBFs are contained in [12 U.S.C. 265](#). Normally, MBFs shall be authorized only at overseas locations. This form of financial institution may be considered for use at domestic DoD installations only when the cognizant DoD Component has been unable to obtain, through normal means, financial services from a State or federally chartered financial institution authorized to operate in the State in which the installation is located. During mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, DFAS, may recommend the designation of MBFs to the Department of the Treasury.

C. Expansion of financial services (to include in-store banking) requiring the outgrant of additional space or logistical support shall be approved by the installation commander. Any DoD activity or financial institution seeking to expand financial services shall coordinate such requests with the installation bank and credit union liaison officer prior to the commander's consideration.

D. Retail banking operations shall not be performed by any DoD Component. Solicitations for such services shall be issued, or proposals accepted, only in accordance with the policies identified in [DoD Instruction 1000.11](#) or this chapter. The DoD Components shall rely on commercially available sources in accordance with [DoD Directive 4100.15](#), "Commercial Activities Program."

E. Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union.

F. Military disbursing offices, nonappropriated 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.

G. Nonappropriated fund instrumentalities (including MWR activities and the Military Exchange Services) that desire and are authorized to provide accommodation exchange services shall acquire foreign currency from the servicing MBF at the MBF wholesale rate and sell it at a rate of exchange no more favorable than the customer rate available at the MBF.

340402. Security. The installation commander (or designee) and officials of the on-base financial institutions shall work with the installation security authorities to establish an understanding as to each entity's responsibilities. The on-base financial institutions are encouraged to establish an ongoing relationship with installation security authorities on all matters of asset protection.

A. A written agreement shall be established outlining the security procedures that the financial institution will follow and the role that installation security authorities will play with regard to alarms, movement of cash, and procedures to be followed in response to criminal activity (e.g., armed robbery).

B. Cash and other assets in on-base banking offices and credit unions are the property of those financial institutions. Maintenance of alarms and use of armored cars is the sole responsibility of the on-base financial institution. The on-base financial institution is also solely responsible for the guarding or escorting of cash unless a determination is made by the installation commander that providing such services is desirable or necessary.

340403. Central Locator Services. Military locator services shall be provided per the guidelines in [Appendix B](#) of this chapter.

F. Banks shall pay for interior alterations and maintenance as well as utilities, custodial, and other furnished services.

G. Banks shall pay all construction costs.

**340508.** **Bank Liaison Officer (BLO).** Each installation commander having an on-base banking office shall appoint a BLO. The BLO's name and duty telephone number shall be displayed prominently at each banking office on the installation. As appropriate, the BLO's responsibility shall be assigned to comptroller or resource management personnel. Employees, officials or directors of a financial institution may not serve as BLOs. The BLO shall:

A. Ensure that the banking institution operating the banking office has the latest version of this Regulation.

B. Ensure that traveler's checks and money orders are not being sold by other on-base organizations when banking offices are open for business. Postal units and credit unions, however, are exempt from this restriction. Also, ensure that other financial services, to include vehicle financing on domestic installations, are offered only by the banking office.

C. Attend financial workshops, conferences, and seminars as appropriate. These gatherings offer excellent opportunities for personnel of financial institutions and the Department to improve the military banking program. Free discussion among the attendees gives an excellent forum for planning, developing, and reviewing programs that improve financial services made available to DoD personnel and organizations.

D. Assist, when requested by the banking office manager or the installation commander, in locating and collecting from individuals tendering uncollectible checks, overdrawing accounts, or defaulting on loans (within the guidelines of [Appendix B](#) of this chapter) if not otherwise prohibited by law.

E. Maintain regular contact with the banking office manager to confer and discuss quantitative and qualitative improvements in the services provided. In executing this authority, the BLO shall not become involved in the internal operations of the financial institution.

F. Review the schedule of service charges and fees annually, and ensure that the operating agreement is updated at least every 5 years. Renegotiate the financial services offered and related service charges and fees as necessary.

G. Assist in resolving customer complaints about banking services.

H. Assist in resolving complaints of discrimination with financial services by the banking institution. If a complaint cannot be resolved, a written request

for investigation shall be forwarded to the appropriate regulatory agency. Any such request must document the problem and command efforts taken toward its resolution. Information copies of all related correspondence shall be sent through channels to the Secretary of the Military Department concerned (or designee) for transmittal to the DFAS.

I. Assist the installation commander to report to the appropriate regulatory agency any evidence suggesting malpractice by banking office personnel.

340509. In-Store Banking. Under the direction and approval of the installation commander, an on-base financial institution may provide in-store banking within the premises of a commissary operated by the Defense Commissary Agency, a Military Exchange, or any other on-base retail facility.

A. Provision of the requested services, and any associated stipulations, shall be documented as an amendment to the existing operating agreement between the installation commander and the on-base financial institution that will provide in-store services.

B. The amendment to the operating agreement shall be drafted through close coordination between the requesting DoD Component representative, the on-base financial institution representative, the bank liaison officer, and the installation commander (or designee). The final amendment shall be signed by the installation commander and the on-base financial institution with the acknowledgement of the DoD Component that will host the in store banking operation.

C. The installation commander shall extend the opportunity to provide the requested in-store banking services to all financial institutions located on the installation. The selection process is outlined in [Appendix D](#) of this chapter.

D. Space shall be granted by the installation commander through a lease to the banking institution that will provide in-store service.

340510. Domestic Military Banking Facilities (MBFs)

A. Domestic MBF Establishment

1. Requests to establish MBFs shall be made only when a need for services cannot be met by other means. During mobilization, however, MBFs may be designated as an emergency measure.

2. Installation commanders shall send requests for an MBF with justification for its establishment through the Secretary of the Military Department concerned (or designee) to the Director, DFAS, for coordination with the Department of the Treasury. The Department of the Treasury may approve the designation of an MBF under provisions of [12 U.S.C. 265](#).

3. A qualified financial counselor available to serve members during operating hours.

B. Exceptions to subparagraph 340708.A.1, may be approved by the installation commander with advice from the Secretary of the Military Department concerned (or designee) in the case of newly organized credit unions.

C. When an on-base credit union can support only minimum staffing, one of the positions required in subparagraphs 340708.A.1 or 2, also may be subsumed under the counselor duties.

D. Credit union remote service locations at the same installation may be staffed with one person alone, provided that a direct courier or an electronic or automated message service links each remote location to the credit union's main office.

**340709. Credit Union Liaison Officer (CULO).** When a credit union office is located on an installation, the commander shall appoint a CULO. As appropriate, the CULO responsibility should be assigned to comptroller or resource management personnel. The CULO's name and duty telephone number shall be displayed prominently at each credit union office on the installation. Anyone who serves as a credit union board member or in any other official credit union capacity may not serve as a CULO. The duties of a CULO are the same as the duties listed for a BLO (see paragraph 340508).

340710. In-Store Banking. In-store banking services may be provided in accordance with paragraph 340509, except that:

A. Credit unions interested in submitting proposals to provide requested in-store banking services shall provide a statement from the NCUA or applicable state regulatory agency certifying the credit union's authority to offer the requested financial services to the commissary, Military Exchange, or other on-base facilities.

B. Space granted to a credit union selected to provide in-store banking services should be issued through a no-cost license in accordance with section 170 of the Federal Credit Union Act ([12 U.S.C. 1770](#) et seq.).

#### 3408 OVERSEAS CREDIT UNIONS

##### 340801. General Policy

A. Credit union services to authorized persons and organizations may be provided by domestic on-base credit unions operating under a geographic franchise.



# Department of Defense **INSTRUCTION**

**NUMBER 1000.11**  
January 16, 2009

USD(C)

**SUBJECT:** Financial Institutions on DoD Installations

- References:**
- (a) DoD Directive 1000.11, "Financial Institutions on DoD Installations," June 9, 2000 (hereby canceled)
  - (b) DoD Instruction 5025.01, "DoD Directives Program," October 28, 2007
  - (c) DoD Directive 5118.03, "Under Secretary of Defense (Comptroller) (USD(C))/ Chief Financial Officer (CFO), Department of Defense," January 6, 1997
  - (d) DoD 7000.14-R, Volume 5, Chapter 34, "Department of Defense Financial Management Regulation (FMR)," November 2008
  - (e) Title 12, United States Code
  - (f) Part 230 of title 32, Code of Federal Regulations, current edition

**1. PURPOSE.** This Instruction:

- a. Reissues Reference (a) as a DoD Instruction in accordance with the guidance in Reference (b) and the authority in Reference (c).
- b. Updates policies and responsibilities for financial institutions that serve DoD personnel on DoD installations worldwide. Implementing guidance is located in Reference (d).
- c. Prescribes consistent arrangements for the provision of services by financial institutions among the DoD Components and requires that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated herein.

**2. APPLICABILITY.** This Instruction applies to:

- a. OSD, the Military Departments, the 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, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components").

b. All nonappropriated fund instrumentalities, including the Military Exchange Services and morale, welfare, and recreation activities.

3. DEFINITIONS. Terms used in this Instruction are set forth in Reference (d).

4. POLICY. It is DoD policy that:

a. Except where they already existed as of May 1, 2000, no more than one banking institution and one credit union, as established in chapter 14 of title 12, United States Code (Reference (e)) shall be permitted to operate on a DoD installation consistent with part 230 of title 32, Code of Federal Regulations (Reference (f)).

b. Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public funds. Arrangement for the provision of such services shall be in accordance with this Instruction and the applicable provisions in Reference (d).

c. Financial institutions or branches thereof, shall be established on DoD installations only after approval by the Secretary of the Military Department concerned (or designee) and the appropriate regulatory agency in accordance with Reference (d).

5. RESPONSIBILITIES

a. The Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)/CFO). The USD(C)/CFO shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this Instruction.

b. Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). The USD(AT&L) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

c. Under Secretary of Defense for Personnel and Readiness (USD(P&R)). The USD(P&R) shall advise the USD(C)/CFO on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

d. Heads of the DoD Components. The Heads of the DoD Components shall adhere to responsibilities pertaining to this Instruction and as set forth in Reference (d).

6. **RELEASABILITY. UNLIMITED.** This Instruction is approved for public release and is available on the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

7. **EFFECTIVE DATE.** This Instruction is effective immediately.

A handwritten signature in black ink, appearing to read 'D. Brook', with a stylized flourish at the end.

Douglas A. Brook  
Acting Under Secretary of Defense (Comptroller)/  
DoD Chief Financial Officer