

**ASSISTANT SECRETARY OF  
THE AIR FORCE  
(FINANCIAL MANAGEMENT &  
COMPTROLLER)**



**MILITARY BANKING  
PROGRAM GUIDANCE**

**February 2024**





## Table of Contents

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REFERENCES	3
OVERVIEW	3
FINANCIAL MANAGEMENT REGULATION ACTIVITIES	3
FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS	3
GENERAL POLICIES	4
ESTABLISHMENT	4
SOLICITATIONS	4
TERMINATIONS	4
ATM SERVICE	5
EXCEPTION TO POLICY	5
OPERATING AGREEMENTS	6
LEASE/LICENSE AGREEMENTS	6
BANK LIAISON OFFICER	6
ANNUAL FI REVIEW	6
OVERSEAS MILITARY BANKING PROGRAM	6
BANKING SHAREPOINT SITE	7
OTHER ACTIVITIES	7
ANNUAL BANK AND CREDIT UNION AWARDS	7
COMMERCIAL SPONSORSHIPS	7
ENGAGEMENT WITH EXTERNAL STAKEHOLDERS	8
APPENDICES	9
APPENDIX A: PROCESS FLOW FOR BANKING SOLICITATION	9
APPENDIX B: PROCESS FLOW FOR EXCEPTION TO POLICY	10
APPENDIX C: SAMPLE OPERATING AGREEMENT	11
APPENDIX D: SAMPLE FI REVIEW	12
APPENDIX E: SAMPLE APPOINTMENT LETTER FOR BLO	13
APPENDIX F: ACRONYM LIST	14

## References

- a. Title 32, Code of Federal Regulations Part 230: Financial Institutions on DoD installations
- b. Title 32, Code of Federal Regulations Part 231: Procedures Governing Banks, Credit Unions and Other Financial Institutions on DoD Installations (Department of Defense Instruction 1000.11)
- c. Department of Defense Instruction 1000.11 of January 16, 2009 with changes incorporated as of May 17, 2018
- d. Department of Defense 7000.14-R Financial Management Regulation Volume 12, Chapter 33: Financial Institutions on DoD installations as of August 2015
- e. Department of Defense Instruction 1344.07, Personal Commercial Solicitation on DoD Installations, dated March 30, 2006
- f. Office of the Under Secretary of Defense Memorandum for Assistant Secretaries of the Military Departments (Financial Management and Comptroller), *Financial Institutions on DoD Installations: Bank and Credit Union Operations as They Apply to Base Realignment and Closure (BRAC)*, dated December 8, 2010

## Overview

The Secretary of the Air Force, Financial Management & Comptroller, Air Force Accounting & Finance Office – Financial Operation (AFAFO-F) developed this Standard Operating Procedure (SOP) to ensure roles and responsibilities are clearly defined. This SOP captures the procedures for the Air Force Banking Program (AFAFO-F) and the Air Force Installation and Mission Support Center (AFIMSC) – Resource Management & Finance, which work in partnership with installation commanders and comptrollers to find the most efficient and effective ways for the Air Force Banking Program to support the mission needs of the United States Air Force, the United States Space Force, associated military personnel and their families on Air Force and Space Force installations.

## Financial Management Regulations (FMR) Activities

The guidance in reference (d) provides the outline of activities for establishment, support, operation and termination of banks and credit unions (aka Financial Institutions) on DAF installations. The Military Banking Program (MBP) contains two major components - CONUS and OCONUS operations.

### FINANCIAL INSTITUTIONS ON DEPARTEMENT OF DEFENSE INSTALLATIONS

Per reference (c), except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation. Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), see references (d) and (e) for 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 monies. 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 permanently on DoD installations. These financial institutions may either be State or federally chartered.

## GENERAL POLICIES

References (c), (d), and (e) outline the requirements for establishment, support, operation and termination of Financial Institutions (FI) on Air Force installations. Reference (c) enumerates the constraint that where FIs already exist on DoD installations as of May 1, 2000, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation. Details on exception to this policy are covered in the Exception to Policy subsection. References (d) and (e) determine that the Service secretary or designee can approve solicitations for banking services by an installation commander.

## ESTABLISHMENT

The MBP ensures quality financial services are available to all personnel, their family members, and other authorized customers at domestic and overseas Air Force installations. This program strives to make available a wide range of banking products and services that are cost-effective to both the government and the individual users.

## SOLICITATIONS

This process begins with the identification of a need for banking services on-base by the installation commander (IC) and in conjunction with the designated bank liaison/credit union liaison officer. Upon identification of the need, the IC submits a request for solicitation through IMSC/RMF to Air Force Banking Manager, who will coordinate all solicitation requests with the Air Force Banking Officer (AFBO) to ensure all solicitation requests are conducted in accordance with policies and procedures. The IC will prepare a solicitation package for review by the Air Force Banking Office. After IC signature, the IC will release the solicitation to any local financial institutions and the Air Force Banking Manager will forward the solicitation to the respective national trade organization (Association of Military Banks of America or the Defense Credit Union Council) for dissemination to its membership. The IC will review nomination packages and recommend to the AFBO which institution they recommend to provide the service. Upon AFBO approval, the IC will formally notify the awarded financial institution and enter into an operating agreement and appropriate real estate lease/license. Copies of these documents should be provided to the Air Force Banking Office for posting on the Military Banking SharePoint site.

## TERMINATIONS

Requests for termination of financial services shall be staffed by the IC to the Air Force Banking Office and Director of Defense Finance and Accounting Service (DFAS). The termination of banking office operations shall be initiated by the installation commander only under one of the following conditions:

1. The mission of the installation has changed, or is scheduled to be changed, thereby eliminating or substantially reducing the requirement for financial services.
2. Active military operations prevent continuation of on-base financial services.
3. Performance of the banking office in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the operating

agreements or the procedures prescribed herein. This is after the bank has been notified that their performance is not satisfactory.

4. When merger, acquisition, change of control or other action results in violation of the terms and conditions of the existing operating agreement, the Air Force Banking Officer shall terminate the operating agreement with the existing banking institution. When the merger, acquisition, change of control or other action does not result in violation of the terms and conditions of the existing operating agreement, the Air Force Banking Office shall initiate a novation action of the operating agreement identifying the change in control.

Upon OUSD (C) notification of the termination, the IC shall notify the appropriate regulatory agency and terminate the services of the financial institution.

Any FI that intends to terminate its operations should notify the IC at least 180 days before the closing date. This notification should precede any public announcement of the planned closure. When appropriate, the IC or their designee shall attempt to negotiate an agreement permitting the FI to continue operations until the installation has made other arrangements. Immediately upon notification of a closing, the IC or their designee shall advise the Air Force Banking Office. If it is determined that continuation of banking services is justified, action to establish another FI shall be taken in accordance with paragraph 330403 of reference (d).

#### AUTOMATED TELLER MACHINE (ATM) SERVICE

Only on-base financial institutions are authorized to install ATMs on DAF installations. All the costs for the installation of the ATM shall be borne by the on-base FI institution and not the Air Force. Only in circumstances when it is advantageous to the government should the ICs consider acquiring an ATM after receipt of the Air Force Banking Officer/Manager concurrence.

1. The IC should approve where an on-base financial institution installs an ATM and this should be reflected in the operating agreement or as an amendment to the operating agreement.
2. Where there is no on-base financial institution, follow the solicitation procedures to obtain financial services.
3. Any ATM service from other than on-base financial institutions is considered an exception to policy (follow steps in Exception to Policy subsection).

#### EXCEPTION TO POLICY (Airshow/open house)

All requests for exception to the one bank/one credit union policy will be staffed to the AF Banking Officer via AFIMSC/RMF at least **60** days before the required date. The IC will submit the request to AFIMSC/RMF who will review and forward the request endorsing the exception to policy to Air Force Banking Manager and then the Air Force Banking Officer for review. SAF/FMF is the final approval authority.

Requests for Instances where an exception to policy has been approved in the past include when the on-base financial institution has exclusive rights to provide ATMs but is unable to provide them for an ad hoc event (e.g. air show). In this case, the waiver was approved for an external vendor to provide **temporary** ATM service for the event. While a commercial ATM provider can be used, the financial institution

processing the associated transactions must be a federally/state-chartered financial institution. Upon conclusion of the event, the vendor must remove the ATM from the installation.

## OPERATING AGREEMENTS

All FIs should have a valid operating agreement (OA) prior to commencing operations. The OA is the “contract” between the IC and the on-base FI. Thereafter, the OA shall be jointly reviewed by the IC and the FI and re-signed at least once every five years. The OA shall define the relationship between the on-base FI and the IC and should identify hours of operation, service fees and security provided. Appendix C contains OA samples for a full-service branch and an ATM-only arrangement. A copy of the agreement shall be sent through the chain of command to AFIMSC/RMF.

## LEASE/LICENSE AGREEMENTS

All FIs should have a valid lease/license agreement in place prior to commencing operations. Reference (d) outlines the requirements for a lease agreement and the fair market value of the space will be conducted in accordance with 10 U.S.C. 2667. There are many steps in the process for issuing a lease and it recommended to commence this process at least 24 months prior to the end of the current lease/license.

The term of the lease/license shall not exceed five years except where the banking institution uses its own funds to improve existing government space as outlined in subparagraph 330405.E of reference (d). If space occupied is assigned by the GSA, charges to financial institutions for space and services shall be at the GSA standard level user rate.

## BANK LIAISON OFFICER (BLO)

The IC shall appoint in writing a BLO officer, normally the base comptroller, and have their name and phone number displayed in the all on-base branches and ATMs. Reference (d) outlines the duties of the BLO and Appendix E contains an example of an appointment letter.

## ANNUAL FI REVIEW

Reference (d), requires the BLO to review the schedule of service charges and fees annually. See Appendix D for a sample form to complete this assessment. Additionally, provide annual lease & utility costs and other data points as outlined on sample form. Reviews are due by end of October of each calendar year to AFIMSC/RMF Disbursing.

## Overseas Military Banking Program (OMBP)

Since 1976, the DoD has awarded a contract to provide financial services overseas to provide stateside equivalent products and services under the trade name “Community Bank”. The DoD Banking Office is the program manager and the contracting officer’s representative, who is responsible for the administration of the OMBP contract. The current cost-plus-fixed-fee contract is for five years with five one-year options with the final option year ending March 31, 2023. The current contractor, Bank of America, is providing services at approximately 100 branch offices and 270 ATMs. These banking services directly improve the quality of life of our service members and their families who are stationed overseas. Locally, the banking facilities are called DoD Community Bank and are operated by the current contractor in the following locations: Germany, Netherlands; United Kingdom; Italy; Japan/Okinawa; Korea; Diego Garcia; Guantanamo Bay, Cuba; Honduras and Kwajalein.



The DoD Banking Office has responsibility for the oversight, control, and management of the day-to-day operations of this program, 16 military banking facilities at overseas Air Force installations. However, on a regular basis, the DoD Banking Office will ask installation liaison officers to complete a short survey to provide feedback on a Community Bank branch's products and services. Responses to such surveys must be returned back through channels NLT than the last business day of the month in which the request is received.

For more information about the program, visit <https://www.dodcommunitybank.com/home> and review reference (d) starting on page 33-28.

## Banking SharePoint Site

AFAFO maintains a SharePoint site which serves as a repository for the operating agreement, lease agreement, annual review and BLO appointment letters.

## Other Activities

### ANNUAL BANK AND CREDIT UNION AWARDS

Every year, SAF/FMF will conduct an awards process to recognize the bank and/or credit union for the support they provided to the IC. The award criteria should include compliance with current policies, support to DoD/DAF programs such as contingency/disaster operations, Military Retirement Plans, and recognize the bank and credit union for service above and beyond what is expected. A formal call for nominations along with the nomination form will be distributed via AFIMSC to all MAJCOMs and base-level comptrollers.

### COMMERCIAL SPONSORSHIPS

External financial institutions can sponsor Morale Welfare Recreation (MWR)/Services events only if they do not advertise or discuss products and services similar to those offered by on-base financial institutions. In order to prevent such a conflict, the BLO should be part of MWR/Services Marketing commercial sponsorship review process and actively review any marketing materials. The BLO must ensure MWR/Services does not allow external financial institutions to encroach upon the relationship between the installation commander and on-base financial institutions. Section 6.6 of ref (e) provides additional information on commercial sponsorships.

Eric I. Cuebas, GS-15  
Air Force Banking Officer  
Director, Air Force Accounting and Finance Office-Finance

Michael Windsor, GS-13  
Air Force Banking Manager



## ENGAGEMENT WITH EXTERNAL STAKEHOLDERS

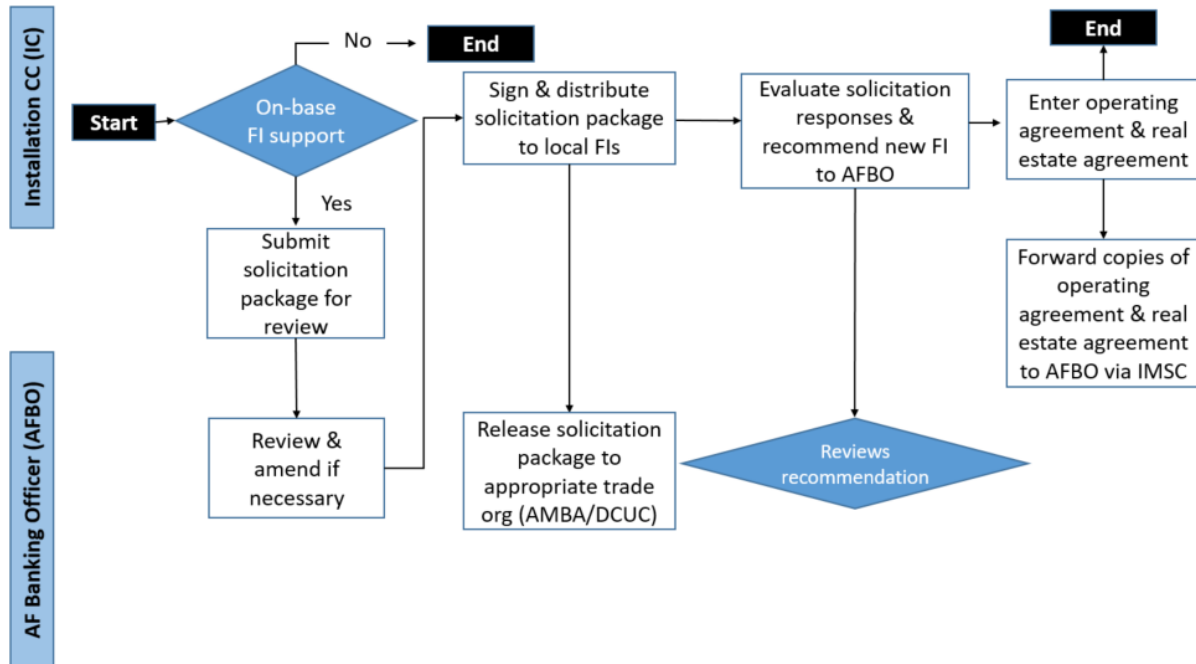
AFAFO-F should engage with members from DoD, Association of Military Banks of America (AMBA), and Defense Credit Union Council (DCUC), on a recurring basis to discuss the status of banks and/or credit unions, issues facing the program, data calls, awards, and other items. **Bank liaison officers should direct all inquiries to AFIMSC Disbursing/Banking.**

### STAKEHOLDERS

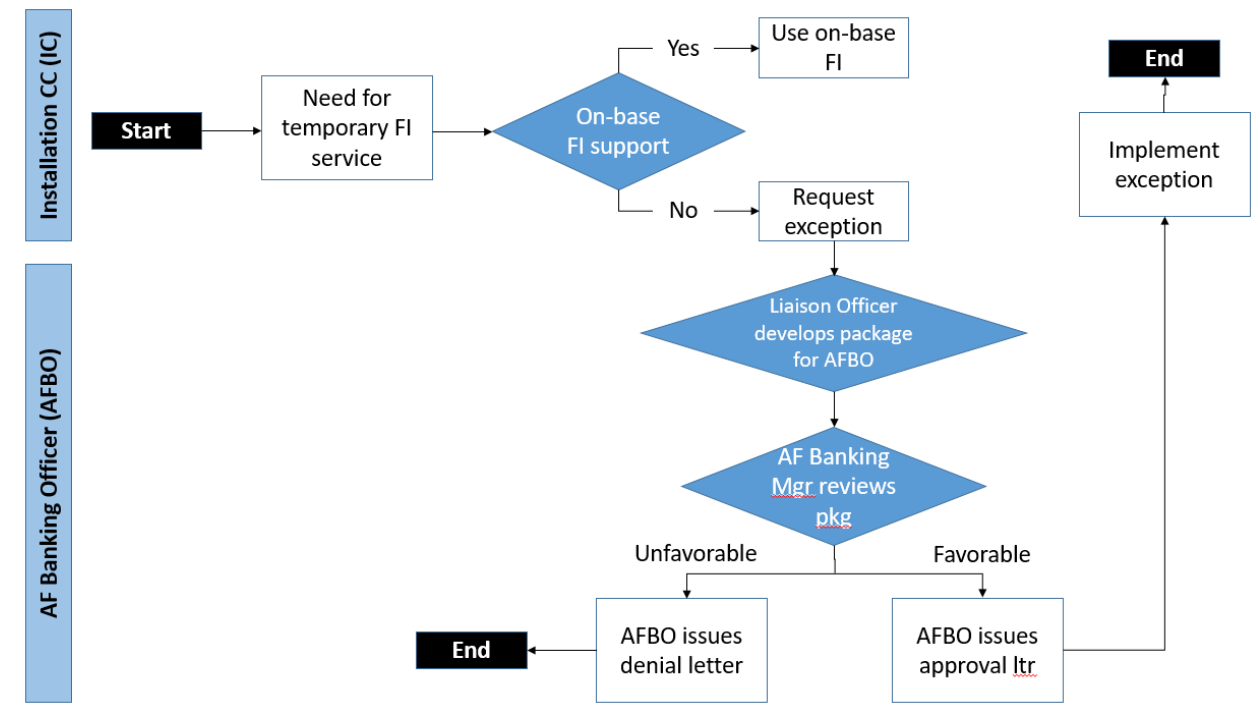
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Bill Hawbecker	DoD Banking Programs, DFAS	(614)-701-5000	william.e.hawbecker.civ@mail.mil
Steven Lepper	Association of Military Banks of America, President and CEO	(540) 347-3305	steven.lepper@ambahq.org
Anthony “Tony” Hernandez	Defense Credit Union Council, President and CEO	(202) 734-5007	ahernandez@dcuc.org

## Appendices

### APPENDIX A: PROCESS FLOW FOR BANKING SOLICITATION



## APPENDIX B: PROCESS FLOW FOR EXCEPTION TO POLICY



### Package contents:

Formal declination from on-base FI(s); email or memorandum format  
 IC-signed exception/waiver request letter

## APPENDIX C: SAMPLE OPERATING AGREEMENT

[See Figure 33-2 on page 33-48 in reference \(d\)](#) for the template that identifies general arrangement and content. Content of the actual operating agreement may vary according to the circumstances of each installation. The figures below also provides an example of an OA for a branch operation and one for an ATM-only footprint.



Sample Operating  
Agreement.docx



Sample ATM only  
Operating Agreement

## APPENDIX D: SAMPLE ANNUAL FI REVIEW

This snapshot is a template and can be found at the link below. Prior to the execution of the annual review, the liaison officer should obtain the current operating agreement for each financial institution on-base to become familiar with the offered services and products per institution. Additionally, Civil Engineering's Real Property Office should have the information in Section 11. Complete all sections and submit the results to AFIMSC/RMF-Disbursing.

### Financial Institution Annual Review of Fees



Financial Institution  
Annual Review v2023.x

## APPENDIX E: SAMPLE APPOINTMENT LETTER FOR BLO



Sample BLO Appt  
Ltr.docx

#### APPENDIX F: ACRONYM LIST

Acronym	Meaning
AMBA	Association of Military Banks of America
ATM	Automated Teller Machine
BLO/CLO	Bank Liaison Officer/Credit Union Liaison Officer
DCUC	Defense Credit Union Council
DFAS	Defense Finance and Accounting Services
DoD	Department of Defense
DAF	Department of the Air Force
FMR	Financial Management Regulation
GSA	General Services Administration
IC	Installation Commander
IMSC	Installation Management & Support Center
MWR	Morale Welfare & Recreation
OMBP	Overseas Military Banking Program
OUSD (C)	Office of the Under Secretary of Defense (Comptroller)