



Department of Defense

DIRECTIVE

NUMBER 1000.11

June 9, 2000

Certified Current as of November 21, 2003

USD(C)

SUBJECT: Financial Institutions on DoD Installations

- References: (a) DoD Directive 1000.11, subject as above, July 26, 1989 (hereby canceled)
- (b) DoD 7000.14-R, Chapter 34, Volume 5, "DoD Financial Management Regulation," May 1996
 - (c) Section 1751 et seq. of title 12, United States Code, "Federal Credit Union Act of June 26, 1934," as amended
 - (d) Section 265 of title 12, United States Code
 - (e) DoD Directive 4100.15, "Commercial Activities Program," March 10, 1989

1. REISSUANCE AND PURPOSE

This Directive:

1.1. Reissues reference (a) and updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in reference (b).

1.2. 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

2.1. This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, 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 collectively referred to as "the DoD Components").

2.2. All nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

3. DEFINITIONS

Terms used in this Directive are set forth in reference (b).

4. POLICY

4.1. The following pertains to financial institutions on DoD installations:

4.1.1. Except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union (reference (c)) shall be permitted to operate on a DoD installation.

4.1.2. 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 monies. Arrangement for the provision of such services shall be in accordance with this Directive and the applicable provisions of (reference (b)).

4.1.3. 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.

4.1.3.1. Except in limited situations overseas (see subparagraph 4.2.2.3., below), 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.

4.1.3.2. Military banking facilities (MBFs) shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. An MBF is a financial institution that is established by the Department of the Treasury under statutory authority that is separate from State or Federal laws that govern commercial banking. Section 265 of title 12, United States Code, (reference (d)) contains the provisions for the Department of the Treasury to establish MBFs. 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. In times of mobilization, it may become necessary to designate additional MBFs as an emergency measure. The Director, Defense Finance and Accounting Service (DFAS), may recommend the designation of MBFs to the Department of the Treasury.

4.1.3.3. 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 this Directive. The DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15 (reference (e)).

4.1.4. Installation commanders shall not seek the provision of financial services from any entity other than the on-base banking office or credit union. The Director, DFAS, with the concurrence of the Under Secretary of Defense (Comptroller) (USD(C)), may approve exceptions to this policy.

4.1.5. Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in Chapter 34, Volume 5 of reference (b).

4.1.6. 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.

4.1.7. The Department encourages the delivery of retail financial services on DoD installations via nationally networked automated teller machines (ATMs).

4.1.7.1. ATMs are considered electronic banking services and, as such, shall be provided only by financial institutions that are chartered and insured in accordance with the provisions of subparagraph 4.1.3., above.

4.1.7.2. Proposals by the installation commander to install ATMs from other than on-base financial institutions shall comply with the provisions of subparagraph 4.1.4., above.

4.1.8. 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/credit union liaison officer prior to the commander's consideration.

4.1.9. The installation commander shall 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 technology or establish new business lines (e.g., in-store banking) where a determination has been made by the respective DoD Component that the offering of such services is warranted.

4.1.10. The installation commander shall 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), through the Director, DFAS, before notification to the appropriate regulatory agency.

4.1.11. Additional guidance pertaining to financial services is set forth in reference (b).

4.2. The following additional provisions pertain to only to financial institutions on overseas DoD installations:

4.2.1. The extension of services by MBFs and credit unions overseas shall be consistent with the policies stated herein and with the applicable status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.2. Financial services at overseas DoD installations may be provided by:

4.2.2.1. Domestic on-base credit unions operating overseas under a geographic franchise and, where applicable, as authorized by the pertinent status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.2.2. MBFs operated under and authorized by the pertinent status of forces agreement, other intergovernmental agreement, or host-country law.

4.2.2.3. Domestic and foreign banks located on overseas DoD installations that are:

4.2.2.3.1. Chartered to provide financial services in that country, and

4.2.2.3.2. A party to a formal operating agreement with the installation commander to provide such services, and

4.2.2.3.3. Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law.

4.2.3. In countries served by MBFs operated under contract, nonappropriated fund instrumentalities and on-base credit unions that desire, and are authorized, to

provide accommodation exchange services shall acquire foreign currency from the MBF at the MBF accommodation rate; and shall sell such foreign currency at a rate of exchange that is no more favorable to the customer than the customer rate available at the MBF.

5. RESPONSIBILITIES

5.1. The Under Secretary of Defense (Comptroller) (USD(C)) shall develop policies governing establishment, operation, and termination of financial institutions on DoD installations and take final action on requests for exceptions to this Directive.

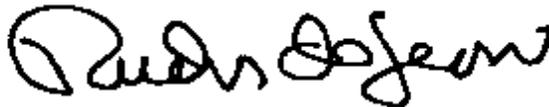
5.2. The Under Secretary of Defense (Acquisition, Technology and Logistics) (USD(AT&L)) shall monitor policies and procedures governing logistical support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

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

5.4. DoD Component responsibilities pertaining to this Directive are set forth in reference (b).

6. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Implementing guidance shall be issued by the Under Secretary of Defense (Comptroller) in DoD 7000.14-R (reference (b)).



Rudy de Leon
Deputy Secretary of Defense