

BY ORDER OF THE
COMMANDER

HEADQUARTERS, UNITED STATES FORCES, JAPAN
USFJ INSTRUCTION 65-107



1 JULY 2002

Financial Management

FINANCIAL INSTITUTIONS IN JAPAN

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

OPR: USFJ/J026 (MAJ Keith Muschalek) Certified by: USFJ/J02 (COL David Hampton, Jr.)
Supersedes USFJPL 170-3, 10 JULY 1991

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PURPOSE: To establish policy governing military banking facilities and federal credit unions in Japan.

SUMMARY OF CHANGES. Updates references and format. Establishes and clarifies the responsibilities at installation and component level, and establishes the military banking liaison officer for Japan.

1. Scope. This USFJ Instruction applies to all financial institutions operating in Japan and located on US military installations, and to all installation and component commanders and DoD agencies operating in Japan.

2. Policy.

2.1. All military banking facilities (MBF) in Japan shall be operated under the Defense Finance and Accounting Service (DFAS) world-wide military banking contract, and comply with the provisions set forth in the contract and in references 5.1 and 5.2. (The list of MBF is at attachment 1).

2.2. Federal Credit Unions (FCU) currently authorized to operate on military installations in Japan are: (See attachment 2).

2.3. All credit unions shall be federally chartered credit unions approved by DoD to operate sub-offices, and sub-office facilities in Japan and shall be considered as organizations under Article XV of the Status of Forces Agreement (SOFA). See reference 5.5.

2.4. All financial institutions shall enter into a written operating agreement with the local installation commander, to define their basic relationship and identify mutual and logistical support that they can expect to receive from one another. This agreement shall be jointly reviewed at least every 5 years. (See attachment 3).

2.5. Except where they already may exist as of May 1, 2000, no more than one MBF and one credit union shall be permitted to operate on any DoD installation in Japan.

3. Procedures.

3.1. MBF.

3.1.1. Shall perform those services required by the DFAS world-wide military banking contract in support of all DoD components, DoD Agencies, non-appropriated fund instrumentalities, and military exchanges and commissaries in Japan.

3.1.2. Shall address any issue relating to military banking operations to the local installation commander (or designee) first, then the component banking liaison officer, and finally the military banking officer for Japan.

3.1.3. Shall be the primary source of the automated teller machine (ATM) service on military installations in Japan.

3.2. Credit Unions.

3.2.1. Domestic on-base credit unions operating in Japan under a geographic franchise and, as authorized under the SOFA, Joint Committee agreements, or other Japanese laws, shall provide financial services only to specifically identified and approved customers.

3.2.2. 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 no more favorable to the customer than the customer rate available at the MBF.

3.2.3. Requests for ATM service on US military installations in Japan shall be negotiated with the installation commander (or designee) in accordance with paragraph 340404B of reference 5.2.

3.2.4. Shall provide a copy of the DoD franchise agreement and the local operating agreement for the installation on which they are located to HQ USFJ, Attn: J026.

3.3. Foreign Banking Institutions.

3.3.1. Shall not operate a banking facility on any US military installation in Japan.

3.3.2. Shall operate ATMs on US military installations in Japan to support local national hires in compliance with paragraph 340404E of reference 5.2.

3.3.3. Requests for foreign banking support shall be negotiated with the installation commander (or designee) and routed through HQ USFJ to USPACOM for approval.

4. Responsibilities.

4.1. Installation Commanders:

4.1.1 Shall appoint a Banking Liaison Officer (BLO) for each installation having an on-base banking facility. See reference 5.2 for duties and responsibilities.

4.1.2 Shall appoint a Credit Union Liaison Officer (CULO) when a credit union office is located on the installation. See reference 5.2 for duties and responsibilities. The BLO and the CULO may be the same person for the installation.

4.1.3 Shall provide furnished office space, utilities, maintenance, custodial services, communications, and other assistance in accordance with applicable service and DoD directives and/or as specified by the DFAS world-wide military banking contract.

4.1.4 Shall work with the local financial institutions to establish appropriate security measures to protect assets, and to assist in the transport of currency to and from local Japanese banks to banking facilities on post.

4.1.5 Shall ensure the local operating agreement is reviewed every 5 years.

4.2 Component Commanders:

4.2.1. Shall appoint a military banking liaison officer who reports directly to the Military Department assigned and to the military banking officer for Japan.

4.2.2. Shall instruct military disbursing offices, nonappropriated fund instrumentalities (including MWR activities and the Military Exchange Services) and other DoD component activities requiring financial services to use on-base financial institutions to the maximum extent feasible.

4.3 Sub-Unified Combatant Commander:

4.3.1. Shall appoint a military banking officer for Japan, to monitor and coordinate military banking operations within the command area. The military banking officer for Japan shall report through USPACOM directly to the DFAS Defense Financial Institutions Services Office.

4.3.2. Shall ensure the appropriate coordination of any new requests for financial institutions, or any requests for elimination of financial institutions in Japan, are conducted.

5. References.

- 5.1. Department of Defense Directive, 1000.11, *Financial Institutions on DoD Installations*, June 9, 2000
- 5.2. DoD Financial Management Regulation, Volume 5, Chapter 34, September 2000
- 5.3. USCINCPACINST 7200.1M, *Currency and Banking Facilities on Military Installations in US Pacific Command (USPACOM)*, 15 February 1990
- 5.4. USFJ Operating Instruction 65-102, *Comptroller Financial Regulations*, 7 December 2000
- 5.5. Enclosure 7 of the Minutes of the 101st Meeting of the Joint Committee, 4 March 1965
- 5.6. Status of Forces Agreement (US/Japan)

//SIGNED//

GARY H. HUGHEY
Major General, U. S. Marine Corps
Deputy Commander

Attachments

1. Military Banking Facilities In Japan
2. Authorized Federal Credit Unions in Japan
3. Sample Operating Agreement Between Military Installations and Financial Institutions

ATTACHMENT 1
Military Banking Facilities in Japan

<u>Theater/District Offices</u>	<u>Bldg #</u>	<u>Location</u>	<u>Branch of Service</u>
Pacific Theater Office	1005	Camp Foster, Okinawa	Marines
Okinawa District Office	409	Kadena AB	Air Force
Japan District Office	430	Yokota AB	Air Force

<u>Branch Offices</u>	<u>Bldg #</u>	<u>Location</u>	<u>Branch of Service</u>
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Mainland Japan:

Atsugi Branch	39	Atsugi NAF	Navy
Iwakuni Branch	201	MCAS Iwakuni	Marines
Misawa Branch	320	Misawa AB	Air Force
New Sanno Branch	Unit 45003	Tokyo	Navy
Sasebo Branch	154	Sasebo NB	Navy
Yokohama Branch	19045	Negishi Housing Area	Navy
Yokosuka Branch	1555	Yokosuka NB	Navy
Yokota Branch	430	Yokota AB	Air Force
Zama Branch	393	Camp Zama	Army

Okinawa Japan:

Courtney Branch	4135	Camp Courtney	Marines
Foster Branch	1005	Camp Foster	Marines
Hansen Branch	2374	Camp Hansen	Marines
Kadena Branch	409	Kadena AB	Air Force
Kinser Branch	1205	Camp Kinser	Air Force
Schwab Branch	3513	Camp Schwab	Marines
Torii Branch	244	Torii Station	Army

ATTACHMENT 2
Authorized Federal Credit Unions in Japan

Pentagon Federal Credit Union

(Location: Bldg 420, Kadena AB)

Administrative Offices:

1001 N. Fairfax St
Alexandria, VA 22314
Phone: (703) 683-7787

Mailing Address:

P.O. Box 1432
Alexandria, VA 22313-2032
Phone: (800) 247-5626

Navy Federal Credit Union

(Locations: Camp Courtney, Camp Foster, Camp Hansen, Camp Kinser, Camp Schwab, MCAS Futenma, MCAS Iwakuni, Sasebo NB, Yokosuka NB)

Administrative Offices:

820 Follin Lane
Vienna, VA 22180-1111
Phone: (703) 255-8194

USA Federal Credit Union

(Locations: Atsugi NAF, Camp Zama, Misawa AB, Yokota AB, Yokosuka NB)

Administrative Offices:

9889 Erma Road
San Diego, CA 92131-2487

Mailing Address:

P.O. Box 26339
San Diego CA 92196-0339
Phone: (619) 693-9360

ATTACHMENT 3
Sample Operating Agreement Between
Military Installations and Financial Institutions

NOTE: The following operating agreement template identifies general arrangement and content. Content of the actual operating agreement may vary according to the circumstances of each installation. Additional items may be added to this agreement at the discretion of the installation commander and the financial institution.

Operating Agreement Between (*Name of Installation*), Japan and (*Name of Financial Institution*).

This Agreement is made and entered into this day by and between the installation commander of (*name of installation*) in his or her official capacity as installation commander, hereinafter referred to as the “commander” and the (*name of financial institution*), having its principal office at (*location of home office*) hereinafter referred to as the “financial institution,” together hereinafter referred to as “the parties.” The commander and the financial institution enter into this Operating Agreement upon the mutual consideration of the promises, covenants, and agreements hereinafter contained.

1. The parties understand and agree that this Agreement shall in no way modify, change, or alter the terms and conditions of Lease Number (*number of lease*) covering the use of real property described therein, and this Agreement shall continue, subject to the termination provisions herein-after set forth, during the terms of said lease and any extensions thereof. In the case of a banking institution operating a military banking facility (MBF) overseas, this agreement will not change the conditions of the contract between the banking institution and the Department of Defense.
2. The financial institution agrees to operate a (federally or state) chartered office on-base in accordance with the policies and procedures set forth in DoD Directive 1000.11, “Financial Institutions on Military Installations;” and Volume 5, Chapter 34, of the DoD Financial Management Regulation as codified in the Code of Federal Regulations (CFR); and, in addition for the Overseas Military Banking Program (OMBP), the policies and procedures set forth in the applicable DoD contract. The hours of operations shall be between (*hour office opens*) and (*hour office closes*), and on the following days (*week days office open*), except on government holidays when the financial institution may be closed. The Program Office for the OMBP through the military banking officer for Japan shall notify the commander of any changes to the DoD contract.

3. The financial institution shall provide the following services:

a. Services for Individuals

- (1) Demand (checking) account services
- (2) Cashing personal checks and government checks for accountholders
- (3) Maintaining savings accounts and (any other interest bearing accounts)
- (4) Selling official checks, money orders, and traveler's checks
- (5) Selling and redeeming United States savings bonds
- (6) Providing direct deposit service
- (7) Loan Services
- (8) Electronic banking (i.e., automated teller machines, internet banking).

b. Services for Disbursing Officers

(1) Furnishing cash (if the financial institution's terms for doing so is consistent with sound management practices)

(2) Accepting deposits for credit to the Treasury General Account (where the financial institution has entered into an agreement with the Department of the Treasury).

c. Services for Nonappropriated Fund Instrumentalities and Private Organizations

- (1) Demand (checking) account services, including wire transfers
- (2) Savings accounts and nonnegotiable certificates of deposit or other interest bearing accounts offered by the banking institution
- (3) Currency and coin for change.

4. Service charges shall be as follows:

a. Service for Individuals

(1) No fees shall be charged to individuals for the services listed in subparagraphs 3.a. (2), and 3.a. (5), above, except for subparagraph 3.a. (2), wherein checks drawn on other financial institutions may be treated in accordance with the financial institution's established policy. Any charge to cash a government check shall not exceed that typically charged by financial institutions in the vicinity of the installation. Fees assessed to accountholders and nonaccountholders for use of automated teller machines shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(2) Checking and savings accounts. Fees for individual checking and savings accounts shall be the customary service charges of the financial institution or those negotiated for base personnel per the attached schedule.

(3) Sale of official checks, money orders, traveler's checks and other types of financial paper. Charges for these services shall be the customary charges of the financial institution operating the on-base office.

b. Service for Disbursing Officers. No charge shall be made for the services listed in subparagraph 3.b.(2), above. Compensation to the financial institution shall be per its separate agreement with the Department of the Treasury. Charges, if any, for the services stated in subparagraph 3.b.(1) shall be as locally negotiated with the financial institution.

c. Nonappropriated Fund Instrumentalities and Private Organizations. State the charges or refer to a schedule of charges for funds and organizations that do not participate in a central banking program. For those activities participating in a central banking program, determine the compensation to the financial institution by account analysis.

5. It is agreed that the financial institution shall:

a. Notify the commander or designated representative of any proposed changes to the attached schedule of fees and services at least 30 days prior to implementation.

b. Follow the requirements in Volume 5, Chapter 34, of the DoD Financial Management Regulation, and any changes thereto.

c. Comply with Department of the Treasury requirements for establishment and operation of a Treasury General Account where the financial institution agrees to act as a depository for government funds.

d. Absolve the (*Military Service*) and its representatives of responsibility or liability for the financial operation of the financial institution; and for any loss (including losses due to criminal activity), expenses, or claims for damages arising from financial institution operations.

e. Indemnify, and hold harmless the United States from (and against) any loss, expense, claim, or demand, including attorney fees, court costs, and costs of litigation, to which the government may be subjected as a result of death, loss, destruction, or damage in connection with the use and occupancy of (*Military Service*) premises occasioned in whole or in part by officers, agents or employees of the financial institution operating an office of the financial institution.

f. Favorably respond, whenever feasible, to reasonable local command requests for lectures and printed materials to support consumer credit education programs, financial management program and newcomer's briefings.

g. Prominently post in the lobby of the financial institution the name, duty telephone number of the (Bank or Credit Union) Liaison Officer.

h. Accept the government travel card in all on-base ATMs operated by the financial institution.

i. Abide by the installation fire protection program, including immediate correction of fire hazards noted by the installation fire inspector during periodic fire prevention inspections.

6. The commander shall provide the following space and support:

a. Space requirements for financial institution operations shall be administered in accordance with the existing outgrant (i.e., lease, permit or license). (*Show Number of Outgrant*).

b. Utilities (i.e., electricity, natural gas or fuel oil, water and sewage), heating and air conditioning, intrastation telephone service, and custodial and janitorial services to include garbage disposal and outdoor maintenance (such as grass cutting and snow removal) on a reimbursable basis.

c. DoD housing and minor dependent education in overseas locations for military banking facility (MBF) and credit union personnel in accordance with Volume 5, Chapter 34, subparagraphs 340603.A.1.c, 340603.A.1.d, 340803.B, and 340803.C of the DoD Financial Management Regulation.

7. Termination of this Agreement shall be consistent with the termination provision of the real property lease and Volume 5, Chapter 34, of the DoD Financial Management Regulation. The Secretary of the (*Military Department*) shall have the right to terminate this Agreement at any time. Any termination of the right of the financial institution to operate on the installation shall render this Agreement terminated without any applicable action by the commander.

8. Any provision of this Agreement that is contrary to or violates any laws, rules, or regulations of the United States, its agencies, or the country of Japan that apply on US Government installations shall be void and have no force or effect; however, both parties to this Agreement agree to notify the other party promptly of any known or suspected continuing violation of such laws, rules, or regulations.

9. So long as this Agreement remains in effect, it shall be reviewed jointly by the commander and the financial institution at least once every 5 years to ensure compatibility with current DoD issuances and to determine if any changes are required to the Agreement.

IN WITNESS WHEREOF, the commander, and the financial institution, by their duly authorized office, have hereunto set their hands this day of *(month, day, year)*

FINANCIAL INSTITUTION OFFICIAL

INSTALLATION COMMANDER