

to the maximum extent feasible and consistent with sound management practice.

(e) DoD personnel who tender uncollectible checks, overdraw their accounts, or fail to meet their financial obligations in a proper and timely manner damage their credit reputation and affect the public image of all DoD personnel. Furthermore, losses sustained by financial institutions on DoD installations as a result of these actions increase operating costs and may reduce the institutions' viability. Such added operating costs must be borne by other customers and, in some cases, may increase the cost to the Government of providing on-base financial services. Military financial counselors or legal advisors shall recommend workable repayment plans that avoid further endangering credit ratings and careers of affected personnel. Counselors shall ensure that such personnel are aware of the stigma associated with bankruptcy and shall recommend its use only as a last resort, when no other alternative will alleviate the situation.

(f) It is DoD policy to support the delivery of retail financial services on DoD installations via automated teller machines (ATMs) that have connectivity to national networks; e.g., the Armed Forces Financial Network.

(1) Each on-base financial institution is encouraged to offer ATM service with network connectivity. Proposals to install ATMs from on-base financial institutions shall be considered under provisions stated in DoD Instructions 1000.10 and 1000.12.

(2) Proposals to install ATMs from other than on-base financial institutions may be considered under the following circumstances:

(i) If the proposal offers ATM service with network connectivity, the installation commander shall determine whether the existing ATM(s) on the installation has network connectivity.

(ii) If the existing ATM(s) provides network connectivity, no further action is appropriate. If the existing ATM(s) does not provide network connectivity, the on-base financial institution shall be given up to 6 months to provide such connectivity.

(iii) If ATM service is unavailable or if existing on-base ATM service does not provide network connectivity within the 6-month period, the installation commander may seek ATM service with network connectivity from another financial institution. Lease of space for ATM installation would be under terms as stated in DoD Instructions 1000.10 and 1000.12.

(g) The termination of operations by an on-base financial institution shall be initiated by a DoD Component 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) The performance of the financial institution in providing services is not satisfactory according to standards ordinarily associated with the financial services industry or is inconsistent with the procedures prescribed in DoD Instructions 1000.10 and 1000.12. Termination actions begun on the basis of inadequate performance shall be substantiated by sufficient evidence. Such actions shall be coordinated with the appropriate regulatory agency and the Comptroller of the Department of Defense before being carried out.

#### § 231.5 Responsibilities.

(a) The *Comptroller of the Department of Defense* (C, DoD) shall:

(1) Develop and monitor policies and procedures governing establishment, operation, and termination of financial institutions on DoD installations.

(2) Monitor industry trends, conduct studies and surveys, and facilitate appropriate dialogues on banking and credit union arrangements and cost-benefit relationships, coordinating as necessary with DoD Components, financial institutions, and trade associations.

(3) Maintain liaison, as appropriate, with financial institution regulatory agencies at Federal and State levels.

(4) Maintain liaison with financial institution trade associations, leagues, and councils in order to interpret DoD

policies toward respective memberships and to aid in resolving mutual concerns affecting provision of financial services.

(5) Coordinate with the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)) on all aspects of morale and welfare and with the Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)) on all aspects of logistic support for on-base financial institutions.

(6) Take final action on requests for exceptions to this part.

(b) The *Assistant Secretary of Defense (Production and Logistics)* (ASD(P&L)) shall develop and monitor policies and procedures governing logistic support furnished to financial institutions on DoD installations, including the use of DoD real property and equipment.

(c) The *Assistant Secretary of Defense (Force Management and Personnel)* (ASD(FM&P)) shall advise the C, DoD, on all aspects of on-base financial institution services that affect the morale and welfare of DoD personnel.

(d) The *Heads of DoD Components* shall:

(1) Take action on requests to establish or terminate financial institution operations on respective installations subject to DoD Instructions 1000.10 and 1000.12.

(2) Supervise and encourage the use of financial institutions on DoD installations as a means to:

(i) Facilitate convenient, effective management of the appropriated, non-appropriated, and private funds of on-base activities.

(ii) Assist DoD personnel in managing their personal finances by participating in direct deposit programs and regular savings plans. Use of on-base financial institutions shall be on a voluntary basis and should not be urged in preference to, or to the exclusion of, other financial institutions.

(3) Recognize the right of military personnel and civilian employees to organize and join credit unions formed under duly constituted authority, and encourage the application and expansion of the principles of the credit union movement throughout the DoD establishment.

(4) Encourage and assist duly chartered financial institutions to provide complete financial services on DoD installations where there is a demonstrated need for such services.

(5) Establish liaison, as appropriate, with Federal and State regulatory agencies and financial institution trade associations, leagues, and councils.

(6) Provide debt processing assistance to on-base financial institutions in accordance with the Privacy Act guidelines in appendix to this part.

APPENDIX A TO PART 231—GUIDELINES FOR APPLICATION OF THE PRIVACY ACT TO FINANCIAL INSTITUTIONS ON DOD INSTALLATIONS

A. The following guidelines govern application of DoD Directive 5400.11 to those financial institutions that operate under this part:

1. Financial institutions and their branches and facilities operating on DoD military installations do not fall within the purview of 5 U.S.C. 552 et seq.

a. These financial institutions do not fit the definition of "agency" to which the Privacy Act applies: " \* \* \* any executive department, Military Department, Government corporation, Government-controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or an independent regulatory agency" (5 U.S.C. 552(e) and 552a(a)(1)).

b. Nor are they "government contractors" within the meaning of section 552a(m) of reference (h), as they do not operate a system of records on behalf of an agency " \* \* \* to accomplish an agency function." According to the Office of Management and Budget Privacy Act Guidelines, the provision relating to Government contractors applies only to systems of records " \* \* \* actually taking the place of a Federal system which, but for the contract, would have been performed by an agency and covered by the Privacy Act." Clearly, the subject institutions do not meet these criteria.

c. Since the Act does not apply to them, these financial institutions are not required to comply with section 552a(e)(3) of Title 5, United States Code, in obtaining and making use of personal information in their relationships with personnel authorized to use such institutions. Thus, these institutions are not required to inform individuals from whom information is requested of the authority for its solicitation, the principal purpose for which it is intended to be used, the routine uses that may be made of it, or the effects of not providing the information. There also is no requirement to post information of this

nature within on-base banking and credit union offices.

2. The financial institutions concerned hold the same position and relationship to their account holders, members, and to the Government as they did before enactment under OMB Circular A-108. Within their usual business relationships, they still are responsible for safeguarding the information provided by their account holders or members and for obtaining only such information as is reasonable and necessary to conduct business. This includes credit information and proper identification, which may include social security number, as a precondition for the cashing of checks.

3. Financial institutions may incorporate the following conditions of disclosure of personal identification in all contracts, including loan agreements, account signature cards, certificates of deposit agreements, and any other agreements signed by their account holders or members:

I hereby authorize the Department of Defense and its various Components to verify my social security number or other identifier and disclose my home address to authorized (name of financial institution) officials so that they may contact me in connection with my business with (name of financial institution). All information furnished will be used solely in connection with my financial relationship with (name of financial institution).

When the financial institution presents such signed authorizations, the Military Commands or installations shall provide the appropriate information.

4. Even though the agreement described in subsection A.3., above, has not been obtained, the Department of Defense may provide these financial institutions with salary information and, when pertinent, the length or type of civilian or military appointment, consistent with DoD Directives 5400.11 and 5400.7. Some examples of personal information pertaining to DoD personnel that can normally be released without creating an unwarranted invasion of personal privacy are name, rank, date of rank, salary, present and past duty assignments, future assignments that have been finalized, office phone number, source of commission, and promotion sequence number.

5. When DoD personnel with financial obligations are reassigned and fail to inform the financial institution of their whereabouts, they should be located by contacting the individual's last known commander or supervisor at the official position or duty station within that particular DoD Component. That commander or supervisor shall either furnish the individual's new official duty location address to the financial institution, or shall forward, through official channels, any correspondence received pertaining thereto to

the individual's new commander or supervisor for appropriate assistance and response. Correspondence addressed to the individual concerned at his or her last official place of business or duty station shall be forwarded as provided by postal regulations to the new location, but the individual may choose not to respond. However, once an individual's affiliation with the Department of Defense is terminated through separation or retirement, the locator assistance the Department may render in the disclosure of home address is severely curtailed unless the public interest dictates disclosure of the last known home address. The Department of Defense may, at its discretion, forward correspondence to the individual's last known home address. The individual may choose not to respond; and the Department may not act as an intermediary for private matters concerning former DoD personnel who are no longer affiliated with it.

B. Questions concerning this guidance should be forwarded through channels to the Deputy Comptroller (Management Systems) (DC(MS)), Office of the Comptroller of the Department of Defense, Pentagon, Washington, DC 20301-1100.

## PART 231a—PROCEDURES GOVERNING CREDIT UNIONS ON DOD INSTALLATIONS

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APPENDIX A TO PART 231a—OPERATIONS OF DEFENSE CREDIT UNIONS

AUTHORITY: 10 U.S.C. 136.

SOURCE: 54 FR 33516, Aug. 15, 1989, unless otherwise noted.

### § 231a.1 Purpose.

This document reissues DoD Instruction 1000.10<sup>1</sup> (32 CFR part 230) and provides procedural guidance to supplement DoD Directive 1000.11<sup>2</sup> (32 CFR part 231) concerning relations with credit unions serving on DoD installations.

<sup>1</sup>Copies may be obtained, if needed, from the U.S. Naval Publications and Forms Center, Attn: Code 1053, 5801 Tabor Avenue, Philadelphia, PA 19120.

<sup>2</sup>See footnote 1 to § 231a.1.