



June 30, 2020

The Honorable James M. Inhofe
Chairman
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Adam Smith
Chairman
House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Jack Reed
Ranking Member
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Mac Thornberry
Ranking Member
House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Inhofe, Chairman Smith, Ranking Member Reed, and Ranking Member Thornberry,

We write today to urge you to improve the financial readiness of our service members and their families by supporting Section 2885 of S.4049 of the Fiscal Year 2021 National Defense Authorization Act. By requiring the Department of Defense (DoD) to treat on-base banks and credit unions equally when assessing rent and related charges, this language offers the best way to end the increasing exodus of banks from military installations at a time when service members and their families increasingly rely on the assistance and customer service of their financial services institutions.

Section 2885 requires DoD to exercise the discretion it already has under 10 USC §2667 (banks) and 12 USC §1770 (credit unions) in the same way for both banks and credit unions. If DoD waives or charges rent for credit unions, this language requires it to do the same for banks. Currently, DoD waives rent for credit unions, thereby subsidizing their on-base operations, while it charges banks ever-increasing rent. Under these circumstances, banks can't compete. Since 75% of on-base banks are community banks, operating at a loss is rarely an option. It's no surprise that this disparate treatment has led to banks leaving more than 40% of our bases. That number grows each year.

Banks and credit unions are different from other non-federal entities operating on military installations. The government does not pay for the financial services it receives or that it requires to be provided to non-customers. Despite these differences and notwithstanding the credit union lobby's arguments to the contrary, DoD refuses to treat banks equally to credit unions unless Congress mandates it. If this disparate treatment persists and additional military

banks are forced to close their doors, military communities will continue to be disadvantaged as they will lose access to trusted, anti-predatory financial services and the government will lose the free financial services and community support banks have long provided.

Throughout the pandemic, banks of all sizes have offered unprecedented assistance to customers across the country in the form of fee waivers, loan modifications and forbearance. They have served as essential employees and have prioritized customer safety by modifying branch lobbies, expanding drive through lane access and providing for "appointment banking" in branches for those who still need to conduct face-to-face business. Banks have also been able to offer their customers industry-leading digital banking tools, giving them access to their accounts from anywhere. Service members deserve on base access to the kind of customer service and tools that only banks can deliver.

Very Respectfully,



Steven J. Lepper
Major General, USAF (Ret.)
President & CEO
Association of Military Banks of America



Rebeca Romero Rainey
President & CEO
Independent Community Bankers of America



Rob Nichols
President & CEO
American Bankers Association