

Banking boot camp: Training soldiers to be good bankers

Plus: How military banks serve their unique customer base

By Ashley Bray, freelance writer

Those who serve in the military make up less than 1% of the entire U.S. population. While this may amount to a small percentage of the country, it is a group with big needs—especially when it comes to banking.

The ABA, along with its members and other organizations, is making strides to help both active and retired members of the military not only manage their banking, but also the many aspects of their financial lives.

The ABA has worked with the Army for three years to create a training program that results in officers competent enough to run banking facilities at overseas bases. These officers are trained to handle things such as payroll, cash flow, risk management, and more. Ultimately the goal is to reduce exposure to loss by training soldiers to have better control over cash handling and electronic transactions.

ABA has also developed a series of courses for soldiers to earn their American Institute of Banking (AIB) Military Banking Operation Diploma. The program, which prepares veterans for a career in banking, combines the diploma's 16 banking courses with the Army's Training With Industry yearlong internship. Recently, the Department of Veterans Affairs approved the use of Veterans Benefits toward the AIB diploma.

"If you think about the Army, certainly there's a degree of discipline and leadership that individuals within the service have. Couple that with banking-specific training, and a bank ideally has a dynamite potential candidate here," says Jim Edrington, executive vice-president of Professional Development at ABA. "I think we're seeing more and more banks show some real interest here because not only does it provide for very qualified applicants to the bank, but it helps from an overall reputation, image standpoint."

For example, in addition to offering a reduced fees and specific banking products for members of the military, JP Morgan Chase has spearheaded a program to hire veterans. Together with other U.S. companies, Chase has led the 100,000 Jobs Mission, which aims to hire 100,000 transitioning service members and veterans by 2020. At present, Chase is hiring about ten veterans a day. Chase also takes part in the Military Warriors Support Foundation's Homes4Wounded Heroes program, which awards a mortgage-free home to wounded veterans. Chase has committed to donate over 1,000 homes over the next five years.

“Fortified” banking

The interest in, and commitment to, the military is the primary mission for those banks actually chartered to serve the military. Many of these banks are members of the Association of Military Banks of America (AMBA), which acts as a liaison between its members and the Department of Defense. The association includes national and state-chartered banks that serve military customers both on and off military installations. “The Department of Defense looks to the banks to do things to support their military customer base, which includes active duty members, the Guard, the Reserve, and their families,” says Andrew Egeland, Jr., president and CEO of AMBA.

Military banks often go above and beyond the responsibilities of a typical bank to serve the unique needs of soldiers. “The soldier’s unique needs are different from the average civilian so we have accustomed our services to meet their needs,” says Ron Taylor, senior vice-president of \$222 million-assets Fort Hood National Bank (FHNB) in Fort Hood, Tex. The Army post is home to an on-base population of 82,102.

“Above and beyond” often includes staying open seven days a week for 60-70-hour work weeks.

“Being open seven days a week has been real important for our customer base,” says Don Giles, president of \$1.8 billion-assets Armed Forces Bank headquartered in Fort Leavenworth, Kans. “[Military customers] don’t have to take off training time to go to the bank. They can come in at night or come in on a Saturday or a Sunday.” In addition to long hours, Armed Forces Bank also has 37 locations on military installations.

Fort Hood Bank offers its customers seven-day-a-week processing as well as a new, free Internet Café with computers and WiFi, so access to their accounts is always available.

Other responsibilities of military banks include the handling of financial problems unique to soldiers—which often hinge upon the hurdle of communication over long distances.

To minimize the impact of far-off postings, the banks aim to provide customers with 24/7 access to their money. For example, in addition to extended hours and online banking options, \$369 million-assets Fort Sill National Bank, in Fort Sill, Okla., operates a six-day call center manned by bank employees. Armed Forces Bank also operates a call center, which is open all day every day a year. “Our customers are located all around the globe, so we felt it was important for them to be able to get hold of us whatever the situation may be,” says Giles.

Fort Hood Bank’s pre-deployment briefings teach soldiers how to overcome possible banking communication obstacles while deployed. The bank also runs more than 300 other financial classes throughout the year. “Our job is to do whatever we can to get them back on the financial track so they’ll be fiscally fit to perform their jobs as soldiers,” says Taylor.

Education is an important part of many military banks’ efforts, and at Fort Sill Bank, the financial management classes and briefings are taught by staff and cover everything from how to build a budget to cautions about predatory lending practices.

Many banks also take the opportunity to use the Military Saves campaign to teach their customers. Launched by the DoD to help military members and their families build their personal savings and provide for their financial needs, the program centers on the last week of February during which the entire community gets together to focus on financial readiness. Banks are encouraged to keep up the program throughout the year, and many do with a variety of savings accounts that offer military members incentives for saving.

Aside from these savings programs, banks also provide a number of products tailored specifically for their military customers. These include free checking accounts and special loans and credit cards with incentives for building credit.

Most of the accounts and products offered by military banks stand out because of their fee structure. "Typically if you look at and compare the fee structure of a military bank and what they charge compared to civilians, it's significantly less," says James Cerrone, Ret. Army Brigadier General & vice-president of Fort Sill National Bank.

The creation of these products and the efficient day-to-day operation of the bank often depend on those with an expert's view on the needs of the military—veterans and military spouses.

In fact, there are even national programs aimed at hiring this competent demographic. The 100,000 Jobs Mission mentioned earlier pledges to hire 100,000 transitioning service members by 2020. And the DoD-sponsored Military Spouse Employment Partnership (MSEP) works to prepare military spouses for employment and to connect them with employers.

But that isn't the only effort banks make to support the families of soldiers. Like most community-focused banks, military banks use their position in their unique communities to rally on behalf of their customers. "We have an ability to directly influence civilian leaders who may or may not have had a military experience. We bring a different perspective to it," says Cerrone.

"It's just the synergistic effect of bringing what we have to the table to help the military, and the civilians making us aware of what's available out there that the military may not know of that we can share with them."

In addition to community leadership, the military banks are often the sponsors or volunteers behind a number of events on the bases from toy drives to car washes to funds for school supplies. As an example, FHNB most recently helped out with Phantom Warrior Week, a week-long celebration that honored the Fort Hood units and recognized the sacrifice of soldiers that have come before.

"There's a great story to be told inside the bank about helping these folks improve themselves," says Teri Callahan, director of American Institute of Banking. "Everything that we can do to improve the image of banking right now is a phenomenal opportunity for all of us to take advantage of."

Banks that wish to "join up";

And for those banks looking to take advantage, a place to start would be an association such as AMBA. The association serves as a platform for the exchange of ideas, which can be shared with banks looking to get involved.

Often the result of such exchanges is the realization that products geared toward civilian customers are not always the best fit for the military. "Military customers are so mobile," says Giles. "You have to think a little bit outside the box in serving that customer and making sure you have the proper products and services."

Banks should also be aware of their limitations, as the DoD only allows one bank on each military installation. This translates into an outside bank's inability to prospect or hand out literature on bases with banks already in place.

But there are plenty of installations still in need. "It's getting more and more difficult to entice banks into military locations, predominantly because it adds a tremendous work load in terms of what you have to provide," says Cerrone.

For those willing to take on the load to serve those serving, a number of solicitations can be found on AMBA's website.

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