



NEWS RELEASE

DEFENSE FINANCE AND ACCOUNTING SERVICE
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DoD Community Bank foreign currency exchange rates offset by OHA, COLA

INDIANAPOLIS (September 10, 2010) – For military and federal employees living overseas monitoring the foreign currency exchange rates is often as routine as going to work. And just as routine are the questions on why rates reported in the news or offered by some local banks differ from those available at their local DoD Community Bank branch.

The answer is the Community Bank Accommodation Rate, computations that result in a 2.5 percent increase to defray costs associated with providing exchange services to bank customers.

According to DFAS officials, the DoD Community Bank purchases foreign currency from in-country sources and delivers it to bank customers at its branches in Germany, Italy, United Kingdom, Netherlands, Japan, Okinawa and the Republic of Korea. The 2.5 percent exchange rate increase covers these expenses.

What many customers don't realize is that they already receive money to cover that increase in currency exchange rates as part of their Overseas Housing and Cost of Living allowances.

For military personnel, the DoD Per Diem, Travel and Transportation Allowance Committee compares the accommodation rate to the exchange rate used in the pay systems. When the accumulated difference is five percent, the committee resets the pay system exchange rate used in computing COLA and OHA. This ensures the pay system rate is as close to the actual bank rate as possible over time.

In computing OHA, the rent and utility costs of each military member living on the local economy is recorded in their military pay account using the appropriate currency. When DFAS prepares a member's monthly pay, the value of the foreign currency is converted to U.S. dollars based on the accommodation rate. Likewise, monthly computations of COLA also use the accommodation rate to ensure members are not affected lower currency exchange rates at a Community Bank branch.

Overseas allowances paid to DoD civilian employees are determined by the State Department. More information is available online at <http://aoprals.state.gov/>.

DoD Community Bank branches are operated overseas by the Defense Finance and Accounting Service through a competitive solicitation process and award of a contract to a stateside financial institution. The current contractor is Bank of America. Banking products, services, fees and charges are determined by the military departments. All revenues received from fees and charges are used to offset the cost of the banking program. The bank contractor does not profit from nor receive any incentive from the revenues generated. Community Banks are also not in competition with local foreign banks, but are established to support the U.S. dollar economy on bases overseas and to provide stateside-like banking services to individuals and organizations.

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About DFAS

The Defense Finance and Accounting Service provides responsive, professional finance and accounting services to the men and women who defend America. DFAS pays about 6 million people and in the FY 2008 made 7.5 million travel payments, paid 14.4 million commercial invoices, made \$591 billion in disbursements to pay recipients, and managed \$394 billion in military retirement and health benefits funds. For more about DFAS visit <http://www.dfas.mil>.