

# Applying Financial Capabilities to Achieve Multi-Domain Effects

Using Financial Capabilities Operationally Rather Than Transactionally  
by COL Brian A. Smith

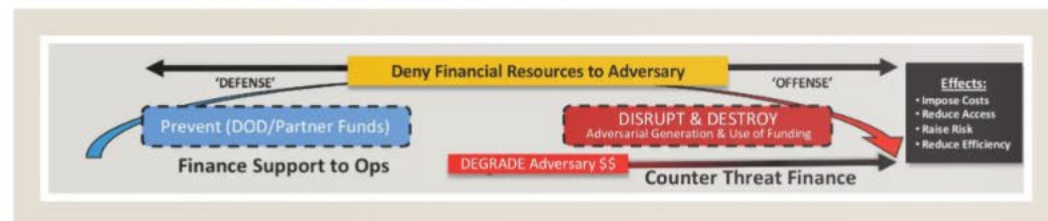
Financial resources and money are the life blood of all organizations – friendly and adversarial. Take away or reduce the resources available and an organization becomes less effective for a variety of reasons. Understanding how any organization generates, moves, stores, and uses resources provides an accurate indicator or template of an organization's intent, hierarchy, networks, locations, financial facilitators, resourcing strategy, and operations.

**T**he ability to operationalize that fiscal understanding and apply it across multiple military domains presents a commander with an opportunity to generate a wide variety of effects against that organization. At a minimum, it generates the ability to degrade or disrupt adversarial operations and prevent or deny Army or Department of Defense funds from inadvertently funding the adversary.

In direct application to military operations, the use of financial levers can provide commanders with a non-kinetic and little-understood operational medium to operate within and

bring support to other areas across the battle staff. Competition, crisis, conflict, and stability phases contain distinct economic and financial vectors that are vital to achievement of our military objectives. These vectors fall into two categories: *offense* – looking directly at and understanding adversarial finances, and *defense* – protecting and denying Army or DoD resourcing to the adversary through due diligence and risk mitigation of our own internal processes.

All organizations follow a common resourcing cycle that involves four stages: generation of resources, storage of resources, movement of resources, and use of those resources. Understanding of those stages and how the



adversary operates within each stage provides the Commander with opportunities to achieve effects across multiple domains and warfighting functions.

## Communicating Financial Capabilities in a Familiar Way to Maneuver Commanders and Staffs

Comparing financial capabilities and communicating them in an operational way is critical to cross-staff comprehension, integration, and potential of the operational application of

financial levers to other staff sections. As a "technical" capability, commanders, their staffs, and our own financial experts may struggle to comprehend the potential of applying financial levers outside of the traditionally known "transactional" ways: military pay, disbursing, and vendor pay to purchase goods and services. The onset of modularity in 2007 demonstrated this challenge. An effective financial leader learns to translate the financial "dolphin-speak" of numbers and statistics into an easily

understandable lexicon that resonates within a supported community or unit. Using parallel terms of reference is effective to delivering the "so what" of financial information – and value – to the commander.

**Lines of Communication (LOC).** Logisticians and maneuver elements think in terms of "lines of communication" to demonstrate how people, supplies, and materiel move in the operating environment (OE). These are air (ALOC), ground (GLOC), and sea (SLOC). The financial equivalent would be FLOC – financial lines of communication. The FLOC demonstrates how value moves within the OE – money, banking, hawala, barter, cell phone, natural resources, digital/crypto assets, etc., and is applicable to both friendly and adversarial lines of effort.

**Commodities.** Operational staffs understand the concept and importance of commodities very well. For example, Class 3 is fuel, Class 9 is repair parts, and Class 5 is ammunition. The financial equivalent would be "Class 5-like" – cash. It comes in different "calibers," is expended upon the battlefield, must be transported, safeguarded, and tracked carefully, reported in highly technical chains, and the commander must have sufficient amounts in the right location to distribute or expend on the battlefield. The daily burn rate at which cash is expended leads to a days-of-supply status critical for resupply and forecasting operations.

**Battlefield Operating Systems.** Comparing disbursements to battlefield operating systems can lead to a rough equivalent of "fire support." Like maneuver units who expend ammunition in the OE, finance units expend cash in support of the operational effort and are a sensor for captured or counterfeit currency when received from a tactical operation. Well-aimed disbursements of cash provide positive outcomes while poorly aimed disbursements that end up in adversarial hands lead to negative operational effects.

One can argue that lack of understanding of the financial "battlespace" and financial lines of operation in Iraq and Afghanistan negatively affected the achievement of our national and military objectives in both campaigns. Furthermore, DoD operations likely provided a source of funding for our adversaries through the introduction of prolific amounts of cash on the battlefield, logistics support payments, and contract payments, in which the vendor's beneficial owners had links to our adversaries or competitors. In essence, we did not know our customer.

## Transforming Military Finance and Comptroller Mindsets from a Transactional Approach to an Operational One

Traditionally, we have framed finance and comptroller capabilities in a transactional manner to maximize commander's buying power and support efficient payment and financial support to operations. We have not looked at exploiting our financial data, expertise, and partnerships to protect our money, deny it to the adversary, and prevent it from negatively impacting the operational mission. Nor have we implemented analytical support of disbursing, economic analysis, banking support, and vendor payments to provide another layer of key information to operational domains such as intelligence, force protection, operations, contracting, and logistics.



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As the military adapts to changing competition and operational realities at the strategic, operational, and tactical levels, we should be cognizant of the rapid evolution of the global financial world and how it affects military operations on both sides. The rise of digital value transfer systems like cryptocurrency, central bank digital currencies, and mobile money platforms on cell phone networks has morphed our economic environment and

provided competitors and adversaries with a plethora of new capabilities to generate, move, store, and use resources outside of the formal banking systems. They may therefore likely be outside the reach of U.S. government tools such as sanctions or funds seizures.

Comptroller and financial capabilities should evolve to grasp, understand, and use new financial capabilities and their impacts to military operations. We should begin to think about finance and comptroller capabilities in an operational manner that protects and denies Army funds from reaching adversarial channels and contributes to other military disciplines and branches to assist them in leveraging financial vectors for their capabilities (intelligence, psychological operations (PSYOP), civil affairs, contracting, force protection, special operations, etc.).

Military financial personnel possess key perspectives, partnerships, technical knowledge, and resourcing systems that do not exist elsewhere in the Army or DoD. Our senior financial leaders have the ability to drive a change through policy and doctrine in how we think about financial operations and expand how we think about finance and



comptroller capabilities, expertise, information, and partnerships to support evolving operational environments.

Army and sister Service conventional finance units possess financial expertise, perspective, partnerships, and data sets that, when applied within an operational perspective, enable them to lead a coordinated operational effort across unit staffs and formations. They understand the economic and financial nuances within the operating environment and produce tangible operational effects beyond traditional finance operations, as we normally think of them.

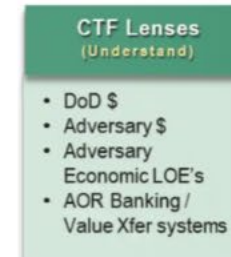
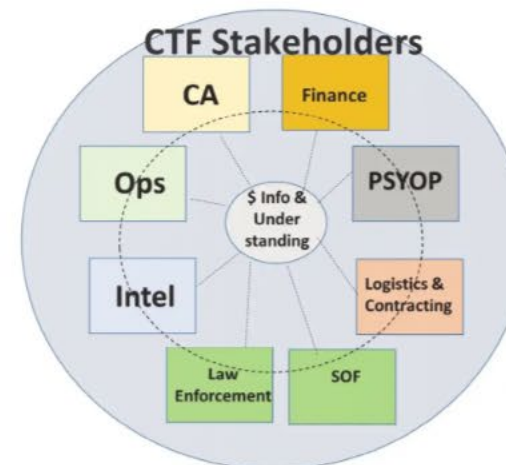
When our formations, data, and knowledge are applied to their fullest extent, finance units morph traditionally transactional roles, expertise, perspectives, and operations into a concept known as Finance for Operational Effects.

Finance for Operational Effects is comprised of two sub-entities: Finance Support to Operations (Conventional Forces) and Counter Threat Finance Support (Special Operations). Said another way, we can facilitate both offensive and defensive outcomes for the operational commander that complement our traditional financial mission of funding the force, maximizing buying power, and accounting for those expenditures.

Finance for Operational Effects provides the commander with a dynamic economic framework of the environment that affects or is affected by military operations. It generates

an understanding of the military's economic impact on and interaction with the operating environment's economy. It uses the Army's own financial data, processes, and perspectives to prevent and deny Army or DoD resourcing to the adversary through coordinated financial policies, Army financial data aggregation, analysis, and collaboration with various other military capabilities such as contracting, special operations, logistics, intelligence, PSYOP, civil affairs, and law enforcement. The key is to share our financial capabilities within operational planning boards, bureaus, cells, and working groups to find the overlap of financial lines of effort with operational, intelligence, contracting, or force protection efforts that are not used to seeing finance applications to their own efforts – but are welcoming once they grasp it.

Counter threat finance (CTF) can assist other Army, special operations, or inter-agency entities to understand how the adversary generates, stores, uses, and moves its resources. CTF produces operational effects favoring friendly forces or negatively impacting adversaries by imposing costs on the adversary, reducing purchasing power, making them less efficient operationally, depriving them of movement, and through discrediting their efforts in the information space. CTF is applied only in units and locations that carry precise operational authorities to do so and predominantly reside within the special operations community.



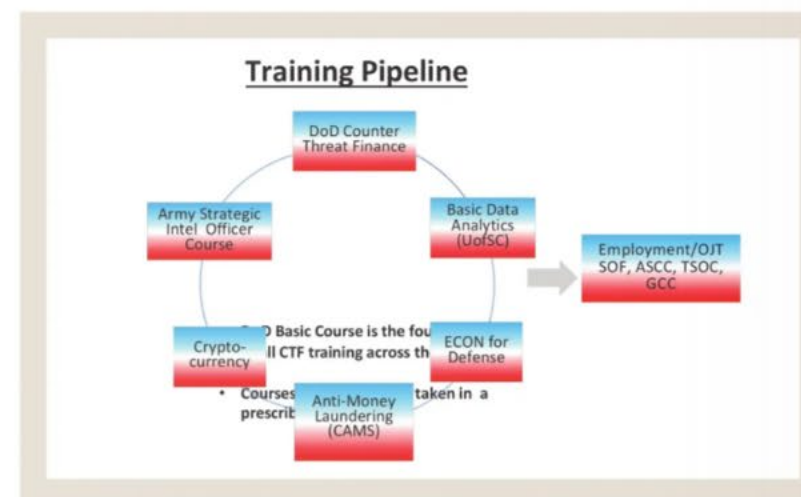
### Adapting our Financial Training to Support an Operational Posture

The Army Finance and Comptroller community initiated a training and application effort to support Finance for Operational Effects. The development and incubation of these concepts comes out of U.S. Army Special Operations Command. Among these training courses, we teach cryptocurrency, anti-money laundering, economics for defense, illicit finance, targeting, and counter threat finance to make our finance Soldiers effective in the operating environment outside of traditional finance operations. These courses assist them in preparing a Fiscal Preparation of the Environment which would roughly be a financial equivalent

of the Intelligence Preparation of the Battlefield, as well as how to "think like a thug" to understand how adversaries generate, move, store, and use resources – legitimately and illicitly. The curriculum provides basic tools for finance Soldiers to operate in a multi-domain staff, communicate operationally, and bring financial value to the operational planning process.

### Key Tasks for Financial Units

Army conventional finance units at the tactical and operational levels should be trained and able to generate the following to successfully execute finance support to





operations as a complement to enhance their doctrinal core competencies:

- A Fiscal Preparation of the Environment that examines and defines important economic and financial aspects of the operating environment or area of interest that are likely to impact military operations and be of planning and operational interest to the commander and his/her staff.
- Defined and cogent processes that transform transactional financial functions into operational perspectives for synchronization at echelon across all warfighting functions within the contracting, law enforcement, logistics, vendor

threat mitigation, inter-agency, special operations, civil affairs, PSYOP, and intelligence communities. These processes include: disbursing, cash operations, commercial vendor payments, paying agents, counterfeit currency, captured currency, special operations support, banking, contract payment support and logistics support.

- Theater policies that synchronize all finance reporting and information requirements spanning the theater of operations and all assigned finance units from tactical to operational elements that collect, analyze, and disseminate aggregated financial information, trends, and analysis from an operational perspective.

Our Corps must adapt to the needs of the Army and to the changing global financial environment to remain relevant and contribute to the Army's overall mission. In light of ever-shrinking resources and relentless Army modernization, the pressure is on every Army formation to provide increased value to the Army capabilities of tomorrow. Applying Finance for Operational Effects principles and bringing an operational dividend to the commander enables us to do so and enables the Army to compete in a novel and non-kinetic way globally.

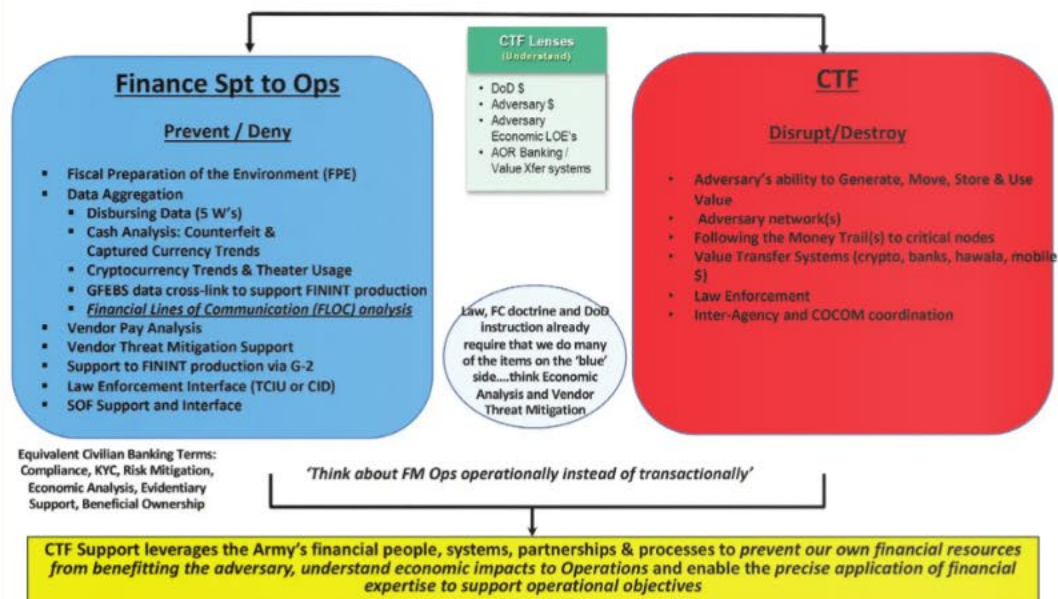


**COL Brian Smith**

COL Brian Smith, a 27-year Finance and Comptroller officer, serves as the Army Finance and Comptroller Corps' lead for developing, training, incubating, and employing Finance for Operational Effects. He currently serves at U.S. Army Special Operations Command, Fort Bragg, NC.

## Finance For Operational Effects

Minimize financial resources available to adversary; provide economic understanding and support production of FININT within Intel Community



- Products and analysis to share and disseminate via boards, bureaus, cells, and working groups (B2CWG). The finance unit shares with the appropriate staff elements, units, partners, or other entities to assist in preventing and denying Army resources from falling into the adversary's hands as well as produce desired operational effects in non-kinetic ways via financial channels. For example, providing an analysis of locations,

types, and amounts of captured or counterfeit currency received spanning the OE and sharing with interested partners in B2CWG. The likely feedback from any such working group is a self-reinforcing feedback loop of more information shared and requests for further information from other staff sections that enables finance units to research and analyze even more.



82nd Airborne Division paratroopers parachute onto a drop zone at Adazi Base, Latvia, from a C-17 Globemaster III. The 82nd, as the nucleus of the United States Army's GRF, maintains an ability to deploy thousands of paratroopers anywhere in the world within 18 hours.