

Transferring Activity and Closing a Customer's Account

Introduction

1. In closing a customer's account (hereinafter, the account) or transferring activity from the account at the old bank (hereinafter, the bank) to a new bank (hereinafter, the new bank) a bank shall act in accordance with this Directive.
2. The bank must take all the necessary steps to enable a customer wishing to do so to close the account or to transfer activity from the account as soon as possible, while ensuring that the customer is not subjected to any unnecessary bother.
3. Furthermore, in order to assist the customer in improving the terms under which the account is managed and to transfer the customer's activity to a new bank, without the concern over the process involved constituting an impediment for the customer, the new bank may act in the name of the customer, and conduct on the customer's behalf all of the actions required in order to transfer the activity.
- 3a. This Directive also regulates the process of transferring securities activity from the bank to another financial entity; in this regard, "Financial Entity"—as it is defined in the Bank of Israel Law, 5770-2010.

Application

- 3b. The Supervisor may establish certain directives that differ from the provisions detailed herein, which will apply to a specific banking corporation, or may exempt, in anomalous cases, a specific banking corporation from a certain directive, when there are special reasons due to which the Supervisor saw fit to do so, and for grounds that will be listed.

Definitions

- 3c. "**Customer**"—as defined in Section 9i(f) of the Banking (Service to the Customer) Law,

Transfer of activity in the account on behalf of the customer

4. Should a customer ask the new bank to carry out on his behalf that stated in this Directive, and should the new bank agree to do so, the new bank shall obtain the customer's written agreement to carry out on his behalf all that is required in order to transfer the activity from the bank to the new bank.

Closing an account or transferring activity at the customer's initiative

Information to the customer

5. The bank shall enable a customer requesting information about the possibility or worthwhileness of transferring the activity from the account or closing the account (hereinafter, request to obtain information), to submit the request to obtain information by way of any of the following channels: the customer's account on the bank's website or email (hereinafter, electronic means), the bank's branch, a telephone call, and any other means of communication in accordance with the bank's decision (hereinafter – means of communication).
6. Should a customer submit a request to obtain information, the bank shall act as follows:
 - (a) It shall provide the customer with the Second Addendum to Directive 425 (hereinafter, the addendum), with the following adjustments included (hereinafter – the periodic report), all without fees at least once per calendar year:
 - (1) Chapter F of the Addendum—In the “Fees” table, it shall present the calendar half-year that precedes the date on which the request to obtain information was submitted.
 - (2) Chapter B of the Addendum—In the “Details of deposits” table, the value to early withdrawal must be presented, including the fine in respect of early withdrawal, insofar as such is possible in accordance with the agreement (in place of the comment that appears in the table in this regard).
 - (3) Chapter C of the Addendum—In the “Details of nonhousing loans” table, all of the charge components expected in respect of early repayment must be shown with

their amounts, should there be any, in accordance with the agreement (further to the balances table and in place of the comment that appears in the table in this regard).

(4) In any place in the Addendum in which a cumulative or annual figure appears, that figure shall be shown as related to the period between January 1 of that year until, at least, the end of the month preceding the date on which the request was submitted, or until the end of the month before the month preceding the date on which the request to obtain information was submitted, as noted in Subsection (d).

(b) It shall provide the customer with written information regarding the process involved in transferring activity or closing an account and its ramifications (hereinafter, the guide for transferring activity and closing an account), which includes, among other things, discussion of the following topics:

- (1) Cancellation of means of payment in the account, including the implications of not returning checkbooks and payment cards;
- (2) The implications of presenting checks following the closure of the account, including in regard to the Checks Without Cover Law, 5741–1981;
- (3) The information mentioned in Section 8 and Section 9 of the Directive.

(c) The periodic report and the guide to transferring activity and closing an account shall be provided to the customer within 7 business days from the date on which the request to obtain information is presented, through one of the following channels: the bank branch, post, or electronic means, as per the customer's request.

(d) If the customer's request to obtain information was submitted between the 1st and the 10th of the month, the periodic report shall be updated to, at least, the end of the month before the month preceding the date on which the request was submitted. If the customer's request to obtain information was submitted between the 11th of the month and the end of the month, the periodic report shall be updated to, at least, the end of the month preceding the date on which the request was submitted.

(e) Notwithstanding that stated in Subsection (c), should a request to obtain information be submitted via electronic means, the bank may refer the customer to the guide for transferring activity and closing an account that is published on the bank's website.

Request to transfer activity or to close an account

7. The bank shall enable a customer to submit a request to close an account or to transfer activity through any of the following channels: electronic means, the bank branch, a phone call to the call center (if one exists), and any other means of communication as per the bank's decision.
8. Should a customer request to close his account or to transfer activity from his account (hereinafter, the request), the bank shall act as follows:
 - (a) It shall offer the customer an e-banking agreement, as defined in Proper Conduct of Banking Business Directive no. 367, and shall clarify to the customer that is likely to assist the customer in executing the transactions required for transferring the activity or closing the account without arriving at the branch. If the customer does not sign up for an e-banking agreement, the bank shall enable the customer to submit the request at any of its branches.
 - (b) It shall ask the customer to provide explicit instructions as to the actions it should take concerning assets and liabilities in the account, and pertaining to the various means of payment existing in the account.
 - (c) It shall offer to the customer to shred the checkbooks in his possession, should there be any, or to return them to the branch, and it shall explain to him the implications that may result from not returning them, including the implications of presenting checks for collection from a closed account, and the customer's exposure to damages as a result of the misuse of checks by an unauthorized third party.
 - (d) It shall offer the customer to withdraw the credit balances remaining in the account, should there be any, and to provide him with the details of another account so that he will be able to credit it with those balances. The bank may offer additional ways to reconcile the credit balances, should any remain in the account.
 - (e) It shall take the measures required, without necessitating the arrival at the branch, to ensure that the request is submitted in the name of the customer, and that its contents are agreed upon by all of the account holders.

(f) It shall not cancel benefits or discounts to which the customer was entitled as part of managing the account, on a date prior to the date set for this purpose in the agreement between it and the customer, solely due to the submission of the request.

In the absence of an agreement in which the expiry date of those benefits or discounts to the customer is set, the bank shall maintain the benefits or discounts for a period of at least 3 months from the date the request is submitted, or until the actual date the account is closed or the activity is transferred—whichever is earlier.

(g) Should a customer submit a request that includes instructions for actions that the bank must take in the account, the bank shall provide the customer with written documentation of said instructions soon after the date on which they are submitted, in cases where a copy of the request is not in the customer's possession or cannot be printed.

Transferring securities activity to another financial entity

8a. (a) Without derogating from the provisions of Section 7 and Section 8(e) above, a bank shall enable a customer to submit, online, a request to transfer a securities portfolio to another financial entity, without requiring the customer to arrive at the bank's branch; in this regard, submitting a request online includes submitting online the documents required to examine the request.

(b) (1) The bank shall act to transfer an Israeli securities portfolio within 5 business days from the date of the completion of the submission of the request by the customer, and subject to that stated in Section 8(e) above.

(2) A request to transfer a foreign securities portfolio, shall be executed within 14 business days from the date of the completion of the submission of the request by the customer, and subject to that stated in Section 8(e) above, and provided that there is no other delay deriving from reasons that are not under the control of the bank.

(c) A bank shall not unreasonably refuse a customer's request to transfer a securities portfolio to another financial entity; if the bank refuses to transfer the securities portfolio, it shall notify the customer of that as soon as possible and shall detail in the notice the reasons for the refusal; the bank is to act to receive updated instructions from the customer.

Closing an account

9. The bank may make the closing of a current account contingent upon there not being any legal basis for not doing so, as well as on the implementation of the following actions:
- (a) Payment of all liabilities relating to credit and debit cards that the bank has issued to the customer, should there be any;
 - (b) Arrangement of third-party liabilities assumed by the bank in respect of the customer's account;
 - (c) Obtaining notice from each of the account holders, issued through any of the means of communication, that no use will be made of checks not yet drawn, should any be in the possession of any of them;
 - (d) Coverage of all the customer's outstanding liabilities to the bank;
 - (e) The signature of any or all of the account holders on an identification document in cases where there is a reasonable concern regarding the identity of the person submitting the request to close the account. It should be clarified that in any case, identification must be possible to be carried out at any of the bank's branches.
10. Should a credit balance remain in the account after all liabilities have been repaid, the bank shall act to return the credit balance to the customer in accordance with that stated in Section 8(d) of the Directive, no later than 14 business days from the date on which the account is closed, and without any fee.
11. With regard to debits that have not yet been recorded in the account, the bank shall act as follows:
- (a) It shall update the customer regarding the date on which they are expected to be recorded in the account and their total amount, insofar as the bank has such information. The date shall be no later than the end of the month in which the customer concluded the actions listed in Section 9. However, if these have been concluded within the five business days that preceded the end of the month, the bank may record the debits up to the end of the following month.

- (b) If the bank has not recorded the debits in the account on the designated date, this shall not constitute a reason for deferring the closing date; the contents of this Section shall not detract from the bank's right to sue the customer for the charges.
- (c) Should the bank be presented with charges after the account is closed in respect of transactions carried out by the customer on a credit card before it was returned, and the customer has not made arrangements regarding these charges as stated in Section 8(b), the bank is permitted to collect these charges through an authorized debit if the customer agrees.
- (d) Should the account be charged fees for transactions as a result of the execution of that stated in Section 19, the fees shall be collected through an authorized debit.
12. Without derogating from that stated in Section 11(c)–(d) above, charges and credits presented to the bank following the closure of the account shall be returned by the bank with the notice “the account has been closed”.
13. Deleted.
14. The bank shall act to close the account within 5 business days from the date on which the customer has completed the actions listed in Section 9, and subject to that stated in Sections 8(e), 8a, and 11(a).
15. Upon closure of the account, notice of such shall be sent to the customer in a separate document.
16. On the date the account is closed, as stated, the account management agreement shall expire and it shall be classified as a “closed account”.
17. The bank shall send notices to the customer regarding the account that is closed, should there be any, to the last address registered in the bank's books, for a period of 6 months from the date the account is closed.

18. The annual report, in accordance with Directive 425, that the bank sends to a customer whose account is closed, shall relate to the portion of the calendar year during which the customer administered his account at the bank.

Transfer of current activity while leaving assets or liabilities in the account

19. If a customer has transferred the current activity from the account, while leaving in it assets and liabilities that have not yet reached their maturity or due dates, the bank shall cease collecting the fees listed in Paragraph (2) and Paragraph (3) of Item 1(a), and Paragraphs (1)–(3) of Item 1(c) of the First Addendum to the Banking (Service to the Customer) (Fees) Rules, 5768–2008, and shall act as follows:
- (a) Loans—The bank shall enable the customer to repay loans secured by sufficient collateral that is not the regular income deposited in the account, by means of an authorization to debit an account of his in a different bank.
 - (b) Deposits—When the deposit matures, the bank shall transfer the full amount of the deposit to another account, as per instructions received from the customer, as specified in Section 8 above.
 - (c) Credit cards—The bank shall advise the customer of the exact amount known to it that the customer must leave in the account to repay the future debits for transactions executed with the card prior to its cancellation, excluding debits for continuing transactions.
 - (d) Checks—If a customer who wishes to close an account or to transfer current activity from it has drawn checks that have not yet been presented, the bank shall notify the customer that he can deposit the total amount of those checks in a deposit. That deposit would be used by the bank to pay the checks when they are presented.

Closing the account at the bank's decision

20. (a) If the bank has decided to close the account it shall send a written notice to the customer. In the notice the bank shall specify the reasons for closing the account, noting that the conditions that oblige the bank to manage the account, in accordance with Section 2(a) of the Banking (Service to Customer) Law, 5741–1981, do not exist.

- (b) The bank shall inform the customer of the actions required of him in accordance with this Directive, and may demand the conclusion of the measures not less than 30 days from the date the notice is sent. Once the customer has finished arranging the above measures, within 30 days as required, his account shall be closed on that date, and the regulations specified in Section 12, 15 and 18 shall apply.
- (c) If the customer has not acted in accordance with the bank's request within 30 days of the date on which the notice was sent, the bank may stop the customer's activities in the account. However, if the customer's activities in the account could cause financial loss to the bank, the bank may stop the customer's activities in the account from the date on which the notice as stated in Subsection (a) was sent.

The new bank

21. The new bank receiving a request for the activity in an account to be transferred to an account with it shall act as follows:

- (a) Authorized debits from the account—

In accordance with Proper Conduct of Banking Business Directive 439 (Debits by Authorization);

- (b) Continuing credit/debit card transactions—

- (1) The new issuer shall obtain the customer's agreement, through any of the following means of communication: electronic means, post, the bank branch, and any other means of communication as per the bank's decision, to transfer the customer's continuing credit/debit card transactions from the old credit/debit card to the new credit/debit card, and to transfer the information in Paragraph (2) to the old issuer and to vendors. The new issuer shall transfer the documentation of the customer's agreement to the old issuer upon its request;

- (2) The issuer of the new credit/debit card shall provide the old issuer with the following details:

- (a) The complete card number of the new credit/debit card issued to the customer;
- (b) The expiration date of the new card;
- (c) The customer's ID number;
- (d) The complete card number of the customer's old credit/debit card.

(3) The old issuer shall provide all vendors with which the customer has a continuing transaction with the following details, so that they may continue to charge the customer's new credit/debit card on an uninterrupted basis:

(a) The details listed in Paragraph (b)(2) above;

(b) Notice of cancellation of the credit/debit card by the customer with the old issuer, and the issue of a new credit/debit card by the new issuer.

(4) Should it become known to the old issuer that a vendor found on the list of vendors as noted declined to act to charge the customers' new card or continues to charge his old card, the old issuer shall notify the customer of this in writing.

(5) Notwithstanding the foregoing, the new credit/debit card issuer shall not act as provided in this section, if this is explicitly requested by the customer.

(6) The provisions of this section shall also apply to the transfer of continuing credit/debit card transaction activity that is not due to the move from one bank to another.

For the purpose of this section, "**continuing transaction**" refers to a transaction between a customer and a vendor, regarding which the vendor reported to the issuer, at the time of conducting it, that payment for it will be collected via authorization to charge the credit/debit card account.

(c) The new bank shall obtain the customer's signature via a form transferring his credits to the new account.

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Updates

Date	Details	Version	Circular number
April 3, 1987	Original Circular		74/16
August 1991	Inclusion in the Proper Conduct of Banking Business Directives	1	-----
November 24, 1992	Update	2	1612
July 12, 1993	Update	3	1654
December 1995	Renewed version of the Proper Conduct of Banking Business file	4	-----

ONLY THE HEBREW VERSION IS BINDING

July 14, 2005	Update	5	2168
March 25, 2010	Update	6	2265
December 15, 2014	Update	7	2443
February 1, 2016	Update	8	2491
November 13, 2018	Update	9	2576
June 23, 2020	Update	10	2623
December 30, 2020	Update	11	2639