

Bank of Israel

Banking Supervision Department
Policy and Regulation Division



Jerusalem,

March 6, 2017

Circular No. H-06- 2529

To:

Banking corporations and credit card companies

Re: E-Banking

(Proper Conduct of Banking Business Directive No. 367)

Introduction

1. The National Insurance Law [Consolidated Version] 5755-1995 (hereinafter: the "Law"), and the National Insurance (Child's Long Term Savings) Regulations, 2016-5776 enacted thereunder (hereinafter: the "Regulations") regulate the issue of Child's Long Term Savings.
2. To enable the banks to open and manage a long-term savings account for children, in accordance with the Law, the regulations, and the agreement between the Ministry of Finance and the National Insurance Institute and the banks, adjustments should be made to this Proper Conduct of Banking Business Directive.
3. In addition, in view of the deletion of Section 8 of Proper Conduct of Banking Business Directive No. 436 "Initiative for Locating Inactive Deposits and Accounts of Deceased Persons", upon the entry into force of this Proper Conduct of Banking Business Directive (which revokes Proper Conduct of Banking Business Directive No. 435 "Telephone Instructions"), this Proper Conduct of Banking Business Directive must be revised accordingly.
4. In addition, the Directive was amended in order to assist customers in selecting communication channels in an E-Banking agreement.

5. In view of the above, and after discussing the issue with the Advisory Committee on matters relating to banking business and obtaining the approval of the Governor of the Bank of Israel, I have amended this Directive.

Amendments to the Directive

6. Appendix A—"Signing up Remotely for E-Banking Services: Extensions for Additional Cases"—was added.

Explanatory notes

The Appendix summarizes the cases in which a leniency was granted regarding customer identification—a banking corporation may sign up a customer remotely for E-Banking services using at least one authentication factor, or using identification information and several questions that the banking corporation considers to be sufficient for customer authentication based on the responses to them. The cases outlined in the Appendix were transferred to it from Section 34 of the Directive, except for a case in which the customer requests to transfer the balance of an inactive deposit and close the account, which was added to the Appendix.

7. Appendix B—Opening and Managing a Long-Term Savings Account for a Child—was added to the Directive. Subsection 27(c), which was also added to the Directive, refers to Appendix B.

Explanatory notes

Appendix B - Opening and Managing a Long-Term Savings Account for a Child - summarizes the relevant provisions on this issue. This is an online account opened remotely, based on the identification details transferred to the Bank as a computerized record by the National Insurance Institute. Such an account is managed in the name of the eligible child, and the funds can be withdrawn only by transferring them to a bank account in his or her name, on reaching the age of 18. Since the account is not high-risk, and in view of its additional special characteristics as aforementioned, reliefs were granted regarding customer identification when the account is opened and managed, as well as when the customer signs up for E-Banking services.

8. Section 31 was revised.

Explanatory notes

This Section addresses the manner in which communication channels are offered to customers through an E-Banking agreement. To facilitate the process of signing up customer to the variety of channels offered in the agreement, the Section was revised so that, in lieu of having to select each channel separately - the banking corporation may offer the customer a bundle of channels and services, provided it enables customers to select the channels in which they are not interested. The aforesaid shall not apply in case a cluster of channels is necessary for providing a particular service.

Effective date

9. The amendments to the directive will take effect on the date of its publication.

Update of file

10. Attached are the update pages for the Proper Conduct of Banking Business Directives file. The update instructions are as follows:

Remove page

367-1-15 [1] (7/16)

Insert page

367-1-17 [2] (3/17)

Respectfully,



Dr. Hedva Bar
Supervisor of Banks