

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

September 22, 2023

**The Bank of Israel extends the comprehensive assistance program adopted by the banks for dealing with the ramifications of the Swords of Iron War**

Bank of Israel Governor Prof. Amir Yaron said: “Since the beginning of the Swords of Iron War, the Bank of Israel has taken a broad set of actions to support economic activity and to assist households, reserve soldiers, and businesses that have been hurt. The additional extension of the program, enables us to provide further assistance to those who are experiencing economic difficulties, while focusing that assistance on various population groups in accordance with developments related to the war. We are committed to continue monitoring the state of the economy in view of the war, and to act as necessary to support the economic recovery. I thank the professional team at the Banking Supervision Department and the banking system as a whole for their cooperation and for their efforts in extending the program.”

Supervisor of Banks Daniel Hahiashvili said: “We have acted to extend the program adopted by the banks, for an additional three months, with the aim of continuing to ease the situation for people who need it. At this time, and based on an analysis of the data in our possession, we have found it proper to make adjustments to the program and to focus the assistance given to population groups who are eligible based on need. This is in concert with the economy’s partial return to routing activity in various parts of the country. I thank the banking system for its continued commitment to the further expansion of the program, and I take the opportunity to emphasize our expectation that it will continue to take additional measures, beyond the program, to benefit its customers in line with various developments and the security situation, and to find creative and sensitive solutions that will help eligible customers deal with the effects of the war.”

Background and data:

About a week after the outbreak of the war, the Bank of Israel announced a [comprehensive program](https://www.boi.org.il/en/communication-and-publications/press-releases/c15-10-23/) to ease the burden of credit and fees, which was adopted by the banks, with the aim of helping customers in dealing with the consequences of the war. A few weeks after the war started, and in view of the fact that residents of the north were also evacuated from their homes, [the program was expanded](https://www.boi.org.il/en/communication-and-publications/press-releases/a08-11-23/) to include residents of the north. In December 2023, in view of the continuation of the war, the Bank of Israel announced [a further three-month extension of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/a17-12-23/), which was adopted by the banks, and expanded the program to additional population groups.

In March 2024, in view of the security situation and with the aim of easing the situation particularly for reserve soldiers, the Bank of Israel announced [a further extension and expansion of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/for-the-third-time-the-bank-of-israel-extends-and-expands-the-comprehensive-assistance-program-adopted-by-the-banks-for-dealing-with-the-ramifications-of-the-swords-of-iron-war/). In view of the continuing security tension, and based on situation assessments, the Bank of Israel announced [a further extension of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/2362024en/) in June 2024.

The existing program, which is in effect until September 30, 2024, enables customers who have been directly impacted by damage from the war[[1]](#footnote-1) to defer loan and mortgage repayments[[2]](#footnote-2) without interest and fees, and to obtain an exemption from most fees related to the regular management of their current accounts, and an exemption on interest on debit balances up to a predetermined amount, for a period of three months from when they join the program, subject to the program’s terms.

Other customers are given the option of deferring loan and mortgage repayments without fees for a period of three months, with the deferred payments bearing interest that shall not exceed the contractual interest rate on the loan.

Background data as of August 31, 2024:

In total, about 460,000 loans worth a total of about NIS 9 billion have been deferred.

About 40 percent of the amounts were deferred by households, with the rest being deferred by the business sector. About 73 percent of the deferred loans were for the household sector.

About 80 percent of the deferred total belongs to loans for which the deferrals have ended. These loans account for about 83 percent of the number of deferrals.

The vast majority of borrowers for whom the deferral of loans has ended have resumed regular payments.

**Extension of the program to the end of 2024**

With the aim of continuing to help the population ease its cash flow while preparing to return to a regular payment routine, it has been decided to extend the program adopted by the banks for an additional three months, until the end of 2024, and to make the following adjustments to the group eligible as first-degree customers:

**Extending the existing program by an additional three months, to December 31, 2024, subject to the following exceptions:**

* **Adjustments to the group eligible as first-degree customers with regard to residents of the south:** The leniencies offered as part of the program will be given to people who live, or who own a business located, within a range of 7 km from the Gaza Strip (instead of up to 30 km from the Gaza Strip).
* **The other first-degree customer groups will remain unchanged:** Residents of the north who have been evacuated from their homes; accounts of kidnapped or missing victims and of first-degree relatives of those killed in the war and of kidnapped or missing victims; reserve soldiers; reserve soldiers who have been hospitalized for at least 7 days due to injury caused by the war; and victims of the Nova, Psyduck, and Midburn festivals.
* **There is also no change with regard to the program’s applicability to second-degree customers.**
* **Deferral of loan and mortgage repayments:** The period for submitting requests to defer loan repayments as part of the program will be extended by an additional three months, to the end of 2024. However, the maximum cumulative deferral period as part of the program will be 9 months for each loan. Customers who have already deferred payments for a period of 9 months and are still having financial difficulty meeting their loan repayments should contact their bank and ask them to consider further leniencies. Each case will be examined by the bank with the appropriate sensitivity.

**Notwithstanding the foregoing, loan and mortgage repayment deferrals will be permitted for a cumulative period of up to 12 months for the following population groups:**

* People who live or own a business in one of the localities in the north that have been evacuated by an official agency as of November 7, 2023, and people who live in one of the localities in the north that the government has decided to evacuate but has not yet done so, in accordance with the list that appears on the Bank of Israel website.
* Reserve soldiers who are on active duty during the program’s revised period—October 1, 2024–December 31, 2024.
* **Exemption from interest and fee payments resulting from the regular management of a current account and from interest on current account debit balances:** These leniencies will be extended as part of the program for an additional three months for first-degree customers, similar to the original terms of the program published on the [Bank of Israel website](https://www.boi.org.il/en/bank-of-israel/iron-swords/boi-outline-banks2024/).
* **Continued provision of benefits, initiated by the bank, to reserve soldiers on active duty:** Benefits to which reserve soldiers are eligible—exemption from fees and elimination of interest on current account and business account debit balances in accordance with the terms of the program (first-degree)—will continue to be provided at the bank’s initiative for a further three-month period.

Reserve soldiers will be identified by receipt or credit of reserve service payment in the customer’s account between October 1, 2024 and December 31, 2024. If the customer serves in the reserves during that period and does not receive such a payment, he must present documentation of his reserve service to the bank in order to receive the benefit.

**The Banking Supervision Department again clarifies that, before making a decision to defer payments, particularly for customers who have already deferred payments for an extended period, you should closely examine the need for a further deferral and all of its implications, including its overall economic price.**

The extension of the program for another 3 months will take effect on October 1, 2024, as detailed in Appendix A. Requests to be included in the revised program can be submitted between October 1, 2024 and December 31, 2024.

The program presents the **minimum conditions**, and each bank is permitted to expand it for its customers.

**Appendix A - Extension of the comprehensive assistance program, adopted by the banks, for dealing with the consequences of the Swords of Iron War, as of October 1, 2024**

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| **First-degree customers**  **Customer groups:**   1. **People who live or own a business within 7 km of the Gaza Strip.** 2. **People evacuated from their homes by an official entity as of November 7, 2023, and those who live in a locality that appears on the lists published on the Bank of Israel website, or those who live in one of the localities that the government has decided to evacuate but who have not yet been evacuated, in accordance with the list published on the Bank of Israel website.** 3. **Accounts of kidnapped or missing victims\*;** 4. **People who are first-degree relatives (spouses, parents, siblings, and children) of those killed in the war or kidnapped or missing;** 5. **People serving in the reserves or mobilized through emergency mobilization orders.\*** 6. **Reserve soldiers who have been hospitalized for a period of at least 7 days due to injuries caused by the war.\*** 7. **People who participated in the festivals: the Nova festival in Re’im, the Psyduck festival; and the preparatory meeting for the Midburn festival.\***   \* Information regarding belonging to this group is received in accordance with a customer’s declaration or presentation of appropriate documentation, per the bank’s decision. With regard to small businesses, in accordance with the characteristics published by the bank. Benefits for which reserve soldiers are eligible will be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the reserves grant paid into the account between October 1, 2024 and December 31, 2024. If the customer served in the reserves during the relevant period and did not receive a credit to his account, he must present documentation to the bank regarding his reserve service. | | | | |
| **Leniencies with regard to credit:** | **Type of credit** | **Payment deferral period** | **Maximum interest rate** | **How payments are spread out** |
| **Mortgages[[3]](#footnote-3)** | A customer who has deferred payments during the program will be eligible to defer for an additional 3 months subject to submitting a request, provided that the total deferral period will be no more than 9 months.[[4]](#footnote-4)  A customer who has not deferred payments based on the program shall be eligible for a 3-month deferral subject to submitting a request.  Deferral of payments for a period of up to 12 months[[5]](#footnote-5) shall be possible for people living or owning a business in one of the localities in the north[[6]](#footnote-6) and for reserve soldiers in active reserve duty during the revised program period.[[7]](#footnote-7) | There will be no interest charged in respect of the deferral amount. | Mortgages  Three alternatives at the bank’s choice:   * Spread payments over the remaining mortgage period. * Extending the mortgage period. * Providing an interest-free loan for the deferred amount, for a period of at least 4 years, with repayments beginning one year after the end of the deferral.   Consumer and business credit  Adding payments at the end of the loan period. |
| **Consumer credit, cumulative up to NIS 100,000** |
| **Business credit[[8]](#footnote-8) up to NIS 2 million** |
| **Negative balance (overdraft) in a household current account, up to NIS 10,000** | 3 months | 0% interest | Clarification: The benefit is given to first-degree customers (including reserve soldiers) who, prior to the publication of this extension (September 20, 2024), had a negative balance in their current account.[[9]](#footnote-9) |
|  | **Negative balance (overdraft) in a business current account, up to NIS 30,000** | 3 months | 0% interest | Clarification: The benefit is given to businesses with a turnover of up to NIS 10 million, which belong to any of the groups of first-degree customers, and which, prior to the publication of the expansion of the program (September 20, 2024), had a negative balance in their current account. Such businesses shall be exempt from paying interest on negative balances[[10]](#footnote-10) in the business account up to NIS 30,000, for a period of 3 months, subject to providing documentation if the information is not in the bank’s possession. |
| **Leniencies with regard to fees:[[11]](#footnote-11)** | Blanket exemption from fees in respect of transactions made by first-degree customers, other than transactions involving foreign exchange, securities, foreign trade, or diamonds (as detailed in the footnote). | | | |
| **Second-degree customers**  **All other bank customers** | | | | |
| **Leniencies in the credit field:** | **Mortgages[[12]](#footnote-12)** | * A customer who has deferred payments during the program will be eligible to defer for an additional 3 months subject to submitting a request, provided that the total deferral period will be no more than 9 months.[[13]](#footnote-13) * A customer who has not yet exercised his eligibility to defer payments shall be eligible for a 3-month deferral subject to submitting a request. | The contractual interest rate[[14]](#footnote-14) | Spreading payments out over the remaining loan period, or extending the loan period, at the customer’s choice.[[15]](#footnote-15) |
| **Cumulative consumer credit up to NIS 100,000** |
| **Business credit up to NIS 2 million** |
| **Fees** | Payments will be deferred without fees being charged. | | |

Clarifications:

* The program’s extension takes effect on October 1, 2024 in order to allow each bank to prepare, and will last for the period allocated in the program.
* Payment deferrals require the customer to contact the bank and submit a request in the manner set forth by the bank.
* This program does not apply to a borrower involved in legal proceedings. Borrowers who were in arrears at the time of publication of this outline will be allowed to delay payments for a period not exceeding 180 days from the date the arrears began.
* Benefits for reserve soldiers based on this program (exemption from fees and absorption of interest on negative current account or business account balances) shall be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the a receipt or credit due to reserve service being paid into the account during the program period—between October 1, 2024 and December 31, 2024. If the customer service in the reserves during the period and did not receive a credit to his account, he must present documentation to the bank regarding his reserve service.
* Insofar as it is possible to make a customer-initiated enquiry to the bank unnecessary in implementing the outline, including in the area of fees, this should be prioritized.
* This outline presents the minimum conditions, and each bank is permitted to expand upon it to benefit its customers and at their request.

1. People who live or own a business that is located within up to 30 km from the Gaza Strip; people evacuated from their homes by an official state agency as of November 7, 2023 and who live in one of the localities that appear on the lists published on the Bank of Israel website; people serving in the IDF reserves and those mobilized under emergency orders; reserve soldiers who were hospitalized for at least 7 days due to injury caused by the war; accounts of people who are kidnapped or missing; people who are first-degree relatives (spouse, parent, sibling, child) or someone killed in the war or kidnapped or missing; victims from the Nova festival in Re’im; victims of the Psyduck festival; and victims of the preparatory meeting for the Midburn festival. [↑](#footnote-ref-1)
2. Mortgages to an unlimited amount; consumer credit – cumulative up to NIS 100,000; business credit up to NIS 2 million. [↑](#footnote-ref-2)
3. In relation to a first home or those upgrading their housing only. [↑](#footnote-ref-3)
4. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-4)
5. In some cases, the type of deferral may be subject to the bank’s technological solutions. [↑](#footnote-ref-5)
6. People who live or own a business in one of the northern localities that were evacuated by an official agency as of November 7, 2023, and people who live in one of the northern localities that the government has decided to evacuate but has not yet done so, in accordance with the list that appears on the Bank of Israel website. [↑](#footnote-ref-6)
7. Reserve soldiers in active reserve duty during the revised program period—October 1, 2024–December 31, 2024. [↑](#footnote-ref-7)
8. Business credit of a business with turnover of up to NIS 25 million, excluding loans in commercial cooperation with a third party. Regarding business credit with a remaining term to repayment of more than 3 years, payments can be spread out in the manner set out with regard to mortgages. [↑](#footnote-ref-8)
9. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-9)
10. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-10)
11. The fees that appear in the following sections, with regard to the banks, in the Banking (Service to the Customer)(Fees) Rules, 5768-2008:

    Section 1 – Current Account (in its entirety)

    Section 2 – Information, notices, and warnings (in its entirety)

    Section 3 – Credit (in its entirety)

    Section 6 – Credit cards (in its entirety, excluding fees – (7) foreign exchange transactions, (8) foreign exchange withdrawals abroad, (9) foreign exchange purchases from abroad)

    Section 9 – Fees for handling estates and wills, fees for withdrawing cash (from a remote ATM and by a prepaid card). [↑](#footnote-ref-11)
12. In relation to a first home and those upgrading their housing only. [↑](#footnote-ref-12)
13. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-13)
14. Deferral of payments is subject to interest for the deferral period. Therefore, before making a decision to defer payments, it is important to examine the implications of the deferral, including the economic price of the deferral (in terms of interest, monthly payment amount after the deferral, and so forth), in order to make an informed decision. [↑](#footnote-ref-14)
15. The manner of spreading out the loan is subject to technical limitations derived from the bank’s computer system and subject to supervisory restrictions. [↑](#footnote-ref-15)