

**Directive 422 – Opening a current account with no credit facility and managing an account**

**Introduction**

1. A current account is an essential account, through which customers manage most of their financial activity. For this reason, Section 2(a)(2) of the Banking (Service to the Customer) Law, 5741–1981 (hereinafter, “the Law”) sets out, among other things, that a banking corporation must enable every customer to open, at least, current account with no credit facility and to manage it, provided that there is no reasonable cause for not providing the service (hereinafter—“reasonable refusal”).
2. This Directive comes to clarify the cases in which the claim of “reasonable refusal” will not be accepted for refusing to open a current account with no credit facility and to manage an account via basic payment services. In addition, the Directive clarifies that across the board rules, preventing basic means of payment or customers’ activity in their account via e-banking channels, should not be established just because the account or the customer belong to a certain group of accounts or customers, and that each request is to be examined on its own merits, while utilizing discretion. This is through the approach that providing service to all customers, and in particular to the weakest customers, is a significant component in a culture of fairness by banking corporations toward their customers.”
3. To remove doubt, it is clarified that this Directive does not derogate from the banking corporation’s obligations pursuant to any law, including pursuant to Section 2 of the Law, nor does it obligate a banking corporation to provide a service that is not in accordance with the terms of its license or that is contrary to the business policy as stated in Section 2(d) of the Law.

**Definitions**

4. In this Directive—
  - “**Bankruptcy proceeding/Insolvency proceeding**”—Proceedings conducted by power of the Bankruptcy Ordinance [New Version], 5740–1980, or by force of the Bankruptcy and Economic Rehabilitation Law, 5778-2018, and the regulations set in their various stages.
  - “**Account**”— “a current account with a no credit facility in Israeli currency as well as a current account in Israeli currency with a debit balance that does not deviate from the approved credit facility in the account”.
  - “**Account with no credit facility**”—“A current account in Israeli currency with a positive balance in the customer's favor”.
  - “**Customer**”—An individual, as defined in the Prohibition on Money Laundering (The Banking Corporations’ Requirements regarding Identification, Reporting and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5761–2001, who receives or requests to receive service from a banking corporation, and is one of the following:
    - “**Foreign worker**”—As defined in the Foreign Workers Law, 5751-1991;

“**Resident**”—As defined in the Population Registry Law, 5725–1965.

### **Unreasonable refusal**

5. (a) A banking corporation shall not refuse to open an account with no credit facility for a customer solely on the grounds that the customer is one or more of the following:

- (1) A restricted customer, or a customer restricted under aggravated circumstances, or a customer restricted under special circumstances, as the terms are used in the Checks without Cover Law, 5741–1981, including a customer as stated who was restricted in the past pursuant to the provisions of that law.
- (2) A customer in bankruptcy proceedings or in insolvency proceedings, including a customer who was in bankruptcy proceedings or in insolvency proceedings in the past.
- (3) A customer whose accounts have been placed under lien.
- (4) A customer who conducts, or has in the past conducted, legal proceedings vis-a-vis another banking corporation, arising from the collection of a debt.

(b) Notwithstanding the provisions of Subsection (a), should the customer be in bankruptcy proceedings or in insolvency proceedings, and his debts not yet discharged, the banking corporation may condition the opening of the account with no credit facility, or its management in accordance with Section 11(a)(1) and 11(b) of this Directive, on the existence of an express judicial order or on the obtaining of prior authorization from a trustee or the Special Manager, provided that it updates the customer regarding the requirement at the first opportunity.

(c) The provisions of Subsection (a) shall not apply regarding a customer who wishes to open an account with no credit facility for another person, by the power of law, appointment or agreement.

(d) If a customer who in the past left a debt at a banking corporation requests to open an account with no credit facility at the same banking corporation, the latter shall examine the request itself while paying attention to, among other things, the date the debt was created, the amount of the debt, collection proceedings, and the circumstances of reopening the account.

### **Examining the request to open an account with no credit facility**

6. A banking corporation that does not provide the customer with its decision on the request to open an account with no credit facility at the time the request is submitted, shall provide a written confirmation to the customer at that time, which shall include the following details, documenting as well the transfer to the customer:

- (a) The customer’s name;
- (b) The name of the bank and the branch number where the request to open an account with no credit facility was submitted;

- (c) The date the request was submitted;
  - (d) Specification of the documents that the customer must provide for the purpose of examining his request to open an account with no credit facility, insofar as the request is dependent on the providing of any documents.
  - (e) Cancelled.
- 6a. Notwithstanding the provisions of Section 6 above, in a situation in which a customer requested to open an online account with no credit facility and the banking corporation conditioned the continuation of the process of examining the request to open the account on the customer arriving at the branch, the banking corporation is to provide the customer with the following details: an update regarding the necessity of the customer arriving at one of the banking corporation's branches, as well as a listing of the documents generally required for examining the customer's request to open an account with no credit facility, or the documents required for the specific customer, in accordance with the bank's decision.

**Decision on the request to open an account with no credit facility**

7. (a) A banking corporation shall issue its decision on the request to the customer in writing, including a listing of the reasons for such decision, subject to all laws, within 10 business days of the date the request was submitted, or from the date of receipt of the documents in accordance with Section 6(d), or from the date that the customer arrived at the bank branch in accordance with Section 6a, the later of the options, as relevant.
- (b) The provisions of Subsection (a) shall not apply in a case where the customer has signed an agreement to open and manage a current account with the banking corporation and to manage the account, during the period set out in Subsection (a).
8. A banking corporation that conditions opening an account with no credit facility on the customer providing documents shall take care that they are necessary for examining the customer's request, and shall specify them, to the extent possible, at the first opportunity.
9. It should be clarified that subject to the provisions of all laws, documents that are not relevant to the decision to open an account with no credit facility, are not to be included in the requirement to provide documents for examining a customer's request to open an account with no credit facility, including:
- (a) A copy of a foreclosure letter and foreclosure orders that were imposed on the customer by an authorized entity;
  - (b) Authorization of a debt balance at the Execution Office;
  - (c) Authorization of the closure of an account that the customer managed at a different bank;
  - (d) Authorization of the customer's manner of conduct in an account managed at another bank;
  - (e) Previous account statements—from a customer who declared to the bank that he did not manage a bank account in the past;

- (f) Annual report (banking ID card)
- (g) Documents required for the providing of benefits or credit in the account.

10. A banking corporation that decides to open an account with no credit facility for a customer shall clarify to the customer, prior to the account being opened, that the account to be opened is an account with no credit facility, which does not include credit. It shall also clarify to the customer what means of payment will be available to him.

### **Account management**

11. Payment services—

- (a) A banking corporation shall not unreasonably refuse a customer's request, which includes not making unreasonable conditions, to use the following payment services:
  - (1) Making payments through authorized debits.
  - (2) A bank card, as defined in Section 11b of the Banking (Licensing) Law, 5741-1981, through which the customer's account at the banking corporation is debited immediately.
  - (3) A bank card, as defined in the Section 11b of the Banking (Licensing) Law, 5741-1981, for cash withdrawals.
  - (4) A payment card of the type set in Subsections (2) or (3) above that makes it possible to execute transactions at a limited sum per period. The banking corporation shall construct uniform levels for limiting the sums and the period.
  - (5) Executing transactions via e-banking channels; the banking corporation may prohibit a specific customer from using a channel offered to all the banking corporation's customers, provided it the customer was given an adequate alternative for executing transactions remotely.

In this Subsection—

“Activities” – as they are defined in part 1(a)(3) and 1(a)(12) in the First Addendum to the full fee schedule in the Banking (Service to the Customer) (Fees) Rules, 5761-2008, provided the bank offers them to its customers.

“E-banking channels” – the channels listed in Proper Conduct of Banking Business Directive no. 367 on “E-banking”.

- (b) If the customer requests to issue checks that will be drawn on the account, the banking corporation shall examine the request itself, taking into account the range of circumstances, and subject to all laws.  
Notwithstanding the above, if the banking corporation decided to issue checks to the customer, it may do so based on criteria set in advance.
- (c) In general, refusing a customer's request pursuant to Subsection (a) due to the account or the customer belonging to a certain group of accounts or customers shall not be considered reasonable refusal.
- (d) The provisions of Subsection (c) do not prevent a banking corporation from setting limitations or controls required in accordance with the circumstances of the issue, while allocating resources required to provide as rapid a response as soon as possible to the customer's request. If the banking

corporation chooses not to develop the infrastructure for implementing said limitations or controls, and refused a customer's request as per Subsection (a), it shall not be considered a reasonable refusal, unless the banking corporation proved that it was not possible to develop such infrastructure.

- (e) If the banking corporation refused a customer's request to use the payment services specified in Subsection (a), in whole or in part, it shall notify the customer of its decision in writing, with a listing of the reasons for the decision, subject to all law, within 10 business days from when the request was submitted
- (f) If the banking corporation decided to cease providing the services listed in Subsection (a), in whole or in part, it shall specify in its notice to customers the reasons for its decision. The date of the notice shall be as determined in Section 6(b) of the Payment Services Law, 5779-2019.

**12. Access to data**

- (a) A banking corporation shall subscribe its customers to the data retrieval service through ATMs, as required in Proper Conduct of Banking Business Directive no. 441 (Retrieval of data by customers).
- (b) A banking corporation shall not refuse a customer's request to obtain access to information regarding the account through e-banking channels;

**13. Explanation to the customer—**

- (a) A banking corporation shall provide a customer requesting to open an account with an explanatory page including the list of services that appears in Sections 11 and 12 above, that are available to the customer for the purpose of managing the account, including clarifications regarding each of them.
- (b) A banking corporation shall publish in a notable and relevant place on its website the list of services available to its customers in accordance with this Directive.

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**Revisions**

<b>Circular 06 number</b>	<b>Version</b>	<b>Details</b>	<b>Date</b>
2423	1	Original Directive	May 26, 2014
2558	2	Revision	March 26, 2018
2575	3	Revision	November 13, 2018
2745	4	Revision	March 26, 2023