



June 21, 2015

Circular Number C-06-2474

To:

The banking corporations

Issue: The Tracks Service

(Proper Conduct of Banking Business Directive 423)

Introduction

1. Section 4a(a) of the Banking Regulations (Customer Service)(Fees), 5768–2008 sets out that a banking corporation shall include the basic track and the expanded track as part of the services offered to customers, and shall make it possible for each customer to join them. The banking corporation may also offer its customers an expanded-plus track.
2. In order to increase customer awareness of the tracks service and its features, and after consulting with the Advisory Committee on Banking Business, and with the approval of the Governor, I have set out this Directive.

Main points of the directive

3. Regarding new customers, when opening a current account, the banking corporation shall provide them with a short fee schedule for managing a current account, and with an explanatory page regarding the “tracks service”. Among other things, the explanatory page shall present the prices of each track compared to the prices of the services included in it according to the short fee schedule that is not part of the service. It shall also include information regarding how to join the “tracks service”, including by way of a recorded telephone call and via the banking corporation’s website (hereinafter: “explanatory page”).
4. In order for the customer’s selection of how his account is to be charged to be clearly reflected, the banking corporation must act when opening a current account to obtain the customer’s approval of his desired manner in which the current account will be charged—according to the “tracks service”, or according to the types of transactions he conducts (along a “pay-as-you-go” method, by which the customer will be charged for each transaction in the current account, with a teller-executed transaction fee and a customer-executed transaction fee). If the banking corporation exempts the customer from being charged a teller-



executed transaction fee and a customer-executed transaction fee, the customer shall mark “Not relevant”.

5. Regarding existing customers, in order to make it possible for customers to make an informed decision regarding the charge method that is appropriate for the type of activity in their account, the banking corporation must provide a customer wishing to join the tracks with written information, prior to joining, regarding the fees amounts collected from him during the quarter prior to the quarter preceding the date of the request to join, or for the quarter preceding the date of the request to join, for the services included in the track, including the completion to minimum fee if there is one, according to the details of the types of transactions made and their amount divided into months.
6. In order to make it provide customers with rapid and user-friendly access to the tracks service, the banking corporation is required to publish a link to the explanatory page, titled “Fees—the Tracks Service” in a prominent location on the homepage of its website.

Start

7. The Directive shall apply beginning on January 1, 2016, except for Section 6 of the Directive, which shall apply from August 1, 2015.

File update

8. The updated pages of the Proper Conduct of Banking Business file are attached. The following are the update instructions:

| Remove page: | Insert page: |
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| --- | 423 – 1 [1] (6/15) |

Sincerely,

David Zaken
Supervisor of Banks

The Tracks Service

Introduction

1. The tracks service, which came into force as part of the Banking Regulations (Customer Service)(Fees), 5768–2008 (hereinafter: “the Fees Rules”), sets out that a banking corporation must offer its customers a uniform basket of current account management services. This service improves the customer’s ability to compare current account management fees at the various banking corporations, and can lead to lowering the costs inherent in managing a current account. This Directive is set out in order to increase customer awareness of this service and its features.

Definitions

2.

- “Customer”** - As defined in Section 9i(f) of the Banking (Service to the Customer) Law, 5741–1981;
- “Track”** - As defined in the Fees Rules;
- “Current Account Fee Schedule”** – A short fee schedule for managing a current account, as defined in the Fees Rules.

New Customers

3. In addition to the obligation to provide a short fee schedule for managing a current account, as set out in Section 4(c) of the Fees Rules, a banking corporation shall provide a customer wishing to open a current account with an explanatory page, as a separate document, regarding the tracks service. This page shall include, among other things, information regarding the “tracks service” prices set out in Item 1(c) of Part 1 of the First Addendum, compared to the prices of the same services according to the current account fee schedule that is not part of the “Tracks service”, and information regarding how to join the service (hereinafter: “Explanatory page”).

4. When opening a current account, the banking corporation shall act to obtain the customer's approval regarding how he wishes the current account to be charged: Charge according to the "tracks service", with the ability to choose any of the tracks that the banking corporation offers its customers, or charge according to the fee schedule that is not part of the tracks service. If the customer is exempted from the fee for a teller-executed transaction and from the fee for a customer-executed transaction, the customer shall mark "Not Relevant".

Existing Customers

5. A banking corporation shall provide a customer wishing to join the tracks service with written information, before he joins, regarding the fee amounts collected from him during the quarter prior to the quarter that precedes the date of request to join, or for the quarter that precedes the date of the request to join, for the services included in the track, including the "completion to minimum" fee, if there is one, according to the details of the types of transactions made and their amount divided into months.

Explanatory page

6. The banking corporation shall publish a link to the explanatory page, titled "Fees—the Tracks Service" in a prominent location on the homepage of its website.

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Updates

| Circular 06 number | Version | Details | Date |
|---------------------------|----------------|--------------------|-------------|
| 2474 | 1 | Original Directive | 21/06/2015 |