



November 13, 2018

Circular no. C-06-2572

Attn:

The banking corporations and credit card companies

Re: Payment Cards

(Proper Conduct of Banking Business Directive no. 470)

Introduction

1. The Enhancing Competition and Reducing Concentration in the Banking Sector in Israel (Legislative Amendments) Law, 5777-2017 (hereinafter, “the Law”) was published on January 31, 2017.
2. Within the framework of the Law, Section 7G of the Banking (Service to the Customer) Law, 5741-1981, was established, which imposes on banking corporations a requirement to present information on transactions executed by a customer via a payment card. Section 7G(b) of the said Law establishes that the Supervisor of Banks may establish Proper Conduct of Banking Business Directives regarding the manner of presenting the information by the banking corporation, the dates of presenting the information, and the details of the information.
3. This obligation is intended to enable banking system customers to receive consolidated information on the payment cards—bank and nonbank—in their possession, at the website of the bank in which they manage their account. Currently, customers tend to prefer the use of bank payment cards, which enable them to concentrate the information on the account. The goal of the said mechanism is to equalize the ease of use of bank and nonbank payment cards, and to take away the difficulty for customers in monitoring the information on several websites of the various issuers. This process, as established in law, and updated in accordance with this directive, is expected to encourage the competition in the credit card market.
4. In order to establish the provisions required in accordance with this authorization, it was required to amend this Directive.
5. In view of the above, and after consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended this Directive.

Main changes to the Directive

6. Section 5 was revised.

Explanation

The Section was revised in order to enable credit card companies to send the issuance contract to a customer via any of the means of delivery generally used by the company, and not just by mail, subject to identification of the customer who signed. Likewise, the definition of the location of a temporary branch was expanded from “counter or table” to “designated area”, in order to allow other solutions, such as, for example, mobile branches.

7. Section 12 of the Directive regulates the minimum information that an issuer is required to present to a customer about the customer's debits via the payment card, each month on the statement, as well as via the communication channels offered by it to its customers, and at least on its website and on its mobile application, updated to the extent possible.

Explanation

In the previous version, the section referred to the content of the statement that issuers are required to send to their customers once a month. With the advance of technology and customers' frequent use of direct channels, the section was expanded and it establishes the minimum information that an issuer is required to present to a customer—about the payment card that it issued to the customer and about the transactions that the customer carried out—via the Internet as well, and on a frequent basis.

8. Section 12.1 was inserted, which adds the requirement that a bank enable a customer to submit a request via an issuer, to present information regarding the customer's transactions via a payment card that was issued by that issuer, for which the payment for them is made by debiting the customer's current account at the bank. General information regarding the card (as detailed in Section 12(1)(a)–(g) of the Directive) is to be presented on the bank's website, and the rest of the information about the customer's transactions via the card are to be presented via a secured link that directs to the issuer's website or the issuing processor's website, the entry to which does not require additional identification by the customer. The bank is required to present said information within 14 business days of the date the request on behalf of the customer is submitted by the issuer.

Explanation

The Section was added in order to implement Section 7G of the Banking (Service to the Customer) Law, as formulated in Section 3(3) of the Law, and it regulates the requirements of the bank to present the information. It should be clarified that a bank may not make any use of the information it receives pursuant to this section, other than to present it as noted in this section.

To eliminate any doubt, the responsibility for transferring the data and for their validity is imposed solely on the issuer.

Effective date

9. This Directive shall go into effect on the date that Section 7G of the Banking (Service to the Customer) Law, 5741-1981, goes into effect.

Update of file

10. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(07/18) [13] 470-1-10

Insert page

(11/18) [14] 470-1-10

Respectfully,
Dr. Hedva Ber
Supervisor of Banks