

## **Banking Availability**

**A voluntary banking Covenant to ease the financial struggle of battered women currently in shelters or transitional housing, being treated at community-based centers for the prevention and treatment of family violence, or in the process of rehabilitation from prostitution**

### **Background**

The difficulties experienced by victims of various forms of violent behavior can often include heavy financial implications. In most cases, victims of violence<sup>1</sup> are referred for assistance to community-based centers for the prevention and treatment of family violence (hereinafter: “centers”), while in some cases the victims and their children are forced to flee their homes without any assistance or means of support, and have no ability to survive financially on their own. This reinforces the heavy sense of isolation and fear experienced by the victim when they disconnect from their previous lives, and impairs their ability to overcome their difficulties and open a new page in their lives. Due to these difficulties, and in the absence of sufficient financial guidance, the victim’s financial state is likely to deteriorate, which would increase her dependence on her abusive partner and may leave her no choice but to return to her previous life.

The Banking Supervision Department joined forces with the Association of Banks in Israel, social organizations, and financial institutions—including the banks, the credit card companies, and the Postal Bank—to formulate a voluntary program to provide targeted financial assistance to meet the needs of victims of family violence.

The program is anchored in a “Financial Availability Covenant”—a voluntary covenant to make it easier for women who are in shelters or transitional housing, and for victims of family violence being assistance at community centers, to cope financially. The Covenant was launched in January 2016, and initially targeted victims staying in shelters and transitional housing. Following a number of years of fruitful activity, during which many such people were helped by the Covenant, a pilot was launched in 2019, together with the Ministry of Welfare and Social Security and the Women’s Spirit organization, to expand the program to victims being treated at community centers. Following the success of the pilot program, beginning on March 6, 2022, the financial institutions applied the Covenant to all centers in Israel. On March 12, 2023, the Covenant was further expanded to include assistance given to people undergoing rehabilitation and exit from prostitution. The Covenant was expanded with the understanding that the financial state of these people has a tremendous impact on the success of their rehabilitation. The expansion of the Covenant was due to a request by Covenant participants to the Ministry of

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<sup>1</sup> Since most victims of violence that come to assistance centers are women, the Covenant has been drafted in the female. However, it is intended for all victims of family violence, including men. Under the Covenant, assistance will be provided to victims from either gender.

Welfare and to organizations recognized by the State as working to help those being exploited by prostitution (assistance organizations) to provide financial assistance to victims of exploitation during their rehabilitation, who are being guided by the assistance organizations.<sup>2</sup>

For this purpose, the Covenant is split into two parts. The first part deals with making it easier for women in shelters or transitional housing or women being treated at community centers to cope financially, and the second part deals with making it easier for prostitution survivors to cope financially.

**The Covenant's main objective is to provide financial assistance to applicants that will be:**

1. **Available and rapid** – It is very important that relevant contact people be available to provide rapid assistance when helping victims of family violence, who may be in the midst of a critical period in their lives or in an emergency situation.
2. **Targeted and professional** – Finding and implementing the optimal solutions given the financial needs of each individual victim.
3. **Forward looking** – Financial education toward optimal long-term financial conduct.
4. **Personal** – Human guidance that will be sensitive to the individual's needs and be based on discretion and understanding of their unique circumstances.
5. **Efficient** –
  - 5.1 **In preventing economic decline** and deepening debts during a period when there is no income, or in ensuring that the individual and her children are not left without access to essential services due to intentional economic harm caused by her partner.
  - 5.2 **In helping to create a foundation for the individual's financial independence** after disconnecting from her economic dependence on her partner.

**The main measures and principles are anchored in this Covenant.**

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<sup>2</sup> Since most prostitution survivors are women, the Covenant has been drafted in the female. However, it is intended for all prostitution survivors, including men. Under the Covenant, assistance will be provided to victims from either gender.

## **Banking Availability Covenant (Part One)**

**A voluntary banking Covenant to ease the financial struggle of women currently in shelters or transitional housing, as well as those being treated at community-based centers for the prevention and treatment of family violence**

### **The main points in implementing the program**

#### **a. Appointing designated contact people**

As part of the implementation of the Covenant, designated contact people have been appointed at each of the financial institutions and at each of the shelters and centers. The idea behind these appointments is to create expertise on both sides in order to shorten processes and eliminate barriers.

#### **Appointing designated contact people at the financial institutions:**

Each financial institution has appointed permanent designated contact people who have the appropriate training to provide the assistance detailed in the Covenant. The contact people are authorized to respond to all victims of violence and to offer them appropriate solutions, regardless of the geographic location of the victim's center or shelter, and regardless of the branch at which the victim's account is managed.

#### **The main tasks of the contact people at the financial institutions:**

1. Assistance in maximizing the financial rights available to the victim as part of the Covenant;
2. Fulfilling the victim's financial instructions as quickly as possible;
3. Supporting optimal financial decision making, while analyzing the options available to the victim;
4. Creative and rapid action to provide a solution to any problem that arises;
5. Training the victim in order to increase her financial awareness and her ability to properly assess her financial situation;
6. Building the initial infrastructure, together with the victim, for future independent financial conduct, in a way that she will be able to rapidly disengage from financial dependence on her partner, according to her needs and wishes.
7. If the victim is in a shelter or transitional housing, to continue monitoring and providing assistance within the Covenant as necessary during the year following her departure from the shelter or transitional housing, with the aim of creating continuity in her entry to financial independence.

#### **Appointing designated contact people at centers and shelters:**

The centers and shelters have formulated a list of permanent designated contact people who serve as the main interface between the treatment teams and the victims they are treating and the contact people at the financial institutions.

They are responsible for creating the initial contact between the victim at the contact person at the financial institution, and provide all necessary information so that the financial institution can provide optimal assistance to the victim. They are also responsible for continuing to guide the contact between them throughout the process.

The contact people at the centers and shelters have been given basic training, which helps them bring together the material information that should be sent to the contact people at the financial institutions so that the latter can help the victims and in order to provide initial training to the treatment team in filling out questionnaires and providing initial information to the victim.

#### **b. The “financial assessment and maximization of rights” process**

**This process has two main objectives:**

1. Strengthening the financial institutions’ ability to provide a rapid, professional and dedicated response that will optimally fit the needs of the victim, in order to prevent a deterioration in her financial state and/or a deepening of the economic harm by the partner.
2. Helping the treatment team maximize the victim’s rights, both as a customer of the financial institutions and as a victim of violence living in a shelter or being treated at one of the centers.

**Stages of the process:**

1. Financial assessment: As part of the intake needs mapping process that is conducted when the victim enters the shelter or when the decision is made that she requires assistance as part of the Covenant if she is being helped at a center, the treatment team fills out a financial questionnaire<sup>3</sup> that includes focused and relevant details about her financial state. In order to help fill out the questionnaire, the treatment team can use a guide that is attached to the questionnaire<sup>4</sup>, which was prepared by the Banking Supervision Department and includes explanations, clarifications, and references to the relevant sections of the Covenant. The full content of the questionnaire will be sent to the contact people at the financial institutions as soon as possible.
2. Assistance for the victim in maximizing her rights: The treatment team and the victim will together examine ways to improve her financial state, reduce account management costs, proper conduct that will save her excess bother, and more. It is suggested that the team use the information appearing in the guide that is attached to the questionnaire.
3. The treatment team will equip the victim with an information kit that includes the following documents:
  - 3.1 An information sheet on the customer’s rights when opening and managing a current account with no credit facility;

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<sup>3</sup> Hebrew and Arabic questionnaires for the centers and for the shelters.

<sup>4</sup> Hebrew and Arabic guides for the centers and for the shelters.

- 3.2 Details on benefit payments that are exempt from liens;
- 3.3 An information sheet on lowering account management costs at the banks;
- 3.4 An information sheet for customers whose accounts have been restricted.

**c. Cancelling mutual authorizations in the account**

When the victim leaves her home and moves into a shelter, and as the “disconnection” process from her “old life” begins, her partner may try to prevent her from gaining access to their joint financial assets. Within a few days, the victim may be put in a state of “financial strangulation”, feel a sense of helplessness, and may feel that she has no choice but to go back to her “old life”. Even a victim being treated at one of the centers may encounter a similar situation.

The law allows every person to open a new bank account and to cancel mutual authorizations in the old joint account. The contact people at the financial institutions will try as much as possible to prevent the former partner from operating in the account to exploit the sensitive situation. The contact people will also try to prevent excessive bureaucratic red-tape. In many cases, the solution can be found by opening a new account for the victim and transferring relevant activity to it. In this context, it should be clarified that each case will be examined on its own to try and prevent, as much as possible and pursuant to directives, a situation in which the victim is left without essential services for her and her children (such as medical services, continuity of insurance coverage, and so forth). In this context, the contact person at the financial institution will closely monitor the performance of the victim’s instructions at the relevant branch, and match the instructions she gives with regard to the old account to the instructions she gives in the new account as closely as possible.

**d. Creating independent financial conduct – embarking on a new path**

The woman’s ability to conduct an independent financial life while ending her economic dependence on her partner is one of the milestones to the success of the separation process from her spouse. The first step, as noted, is stopping the activity in the joint account. The next step is opening a new account as a basis for beginning independent financial activity. New independent activity is possible through proper handling of debts (if there are any) in the joint account, while also attempting to deal as best as possible with the lack of income which is due in most cases to a lack of employment. (This is mainly the case when the woman is in a shelter, and less so when a woman is being helped at a community center, since the latter generally continue as much as possible with their normal routines.)

Through an understanding of the difficulties existing in these conditions and with a desire to help as much as possible with the woman’s rehabilitation, the banks will act in the following areas:

- 1. Dividing the debt:** The possibility of dividing the debts in the old account equally between the two spouses will be considered, in order to enable women who can, to raise the amount required and to pay off their share of the joint debt that accumulated. This will help the woman to totally separate from her spouse and from their joint economic

- history, in order to make it possible for her to embark on a new path. The goal of the step is to prevent the deepening of the debt and to reduce the financial burden on the woman.
2. **Freezing mortgage payments:** The banks will view positively the possibility of freezing mortgage payments for a period of about half a year. The goal of this step is to prevent the deterioration of the woman's debt status during the time when she has no income, in order to try to minimize the burden on her of the monthly payments during the time she is in the shelter. The step can also help victims of violence being helped at community centers, based on their particular circumstances. The bank will consider each case separately, in order to find the optimal solution for each woman, while analyzing the significance and various effects on loan repayments. In a case in which the couple took out State loans within the framework of the Residential Loans Law, representatives of the State will also take part in the decision, in order to confirm that the bank's decision is acceptable to them.
  3. **Providing credit:** One of the main problems during the woman's stay at a shelter is, as noted, the lack of significant income. Although at the time the woman stays at the shelter, she receives some assistance from the shelter and from the National Insurance Institute, this assistance is probably not enough to allow her to get through the initial period without increasing the volume of her loans.

In order to ensure that the process of her separation from the abusive husband is complete, to minimize her debts, and to ensure that she is able to get out to economic independence, the financial institutions will each, based on the circumstances of each case, consider positively the option of providing the victims with loans or credit facilities of a few thousand shekels, despite the clear business implications of taking on such a risk.

The financial institutions will positively consider activating this assistance for victims being treated at community centers as well, if they believe that there is such a need.

#### **e. Conduct as part of an Execution and Collections proceeding**

In order to assist victims of family violence to more easily get through the period of adjustment to independent life in general, and independent financial life in particular, and to attempt to ease as much as possible their handling of debts that were generated with or without their knowledge, the financial institutions will attempt to be lenient with them in debt collection proceedings. The goal of the voluntary arrangement is to provide leniencies to women during the course of about a year and a half from the day they enter the shelter by suspending proceedings and adopting other steps as detailed in this Covenant. In addition, the financial institutions will examine providing similar leniencies to women being treated at community centers, if such is appropriate given their circumstances.

The banks will work, in accordance with the circumstances, to suspend the execution and collections proceedings that were initiated against a victim, for about a year and a half from the day they enter the shelter. Likewise, the banks will work to suspend the accrual of interest

on arrears on the debt during that period. However, in situations in which there is a concern that such will lead to an adverse impact on the financial institution as a creditor, each institution will utilize its judgment and will be able to act in accordance with its decision, even in a manner that is different from what is written in this Covenant. The voluntary arrangement does not prevent financial institutions from putting liens on the woman's assets, and they will be permitted to do so, each in accordance with its judgment. However, within the framework of the voluntary arrangement, the financial institutions will avoid realizing the liens (should any be imposed) during the said period, except in appropriate cases. In such cases, the financial institutions will be permitted to act (each in accordance with its decision and judgment), to the extent possible in collaboration with the woman and with her agreement, to realize the liens before the end of the period, despite the voluntary arrangement, and provided that all is carried out in line with the good of the victim, the goals of the voluntary arrangement, and their implementation. In circumstances in which there is concern that a certain financial institution's actions in such ways will lead to an adverse impact on its status as a creditor, each financial institution will utilize its judgment with regard to how to act, and will be able to act as it chooses even in a manner that is different than the provisions of the Covenant.

**f. Special treatment for victims of violence who lack status**

Among the abused women staying at shelters, women without status are the weakest group and their situation is the most difficult. Despite their lack of status, the State of Israel recognizes the need to grant them protection and finances their stay in the shelters.

The main reason for the financial institutions' inability to provide financial services is based on regulatory directives that require the presentation of relevant identification documents when opening an account. The lack of documents when submitting a request to open an account does not allow an account to be opened, and essentially impairs victims' actual ability to conduct reasonable financial activity.

In order to make it easier for such women, the banking system, together with the Banking Supervision Department and representatives of the shelters, have adopted an easier and abbreviated proceeding, the goal of which is to allow women with no status in shelters or in transitional housing to open an account. This is based on the assumption that this involves a small number of accounts, in which the activity is mainly limited and the sources of the funds entering the account are as clear as possible. The legal infrastructure on which this process is based is Section 3(c) of the Prohibition on Money Laundering (Banking Corporations' Requirements regarding Identification, Reporting, and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5761–2001.

Within the framework of the accelerated proceeding, the victim, accompanied by the shelter's contact person, will be able to get in touch with the bank's contact person and request to open an account, even if she only has one identification document (residence permit/visa/passport) and even if it has expired. The bank's contact person, together with representatives of the relevant branch and with the appropriate people at the bank, will quickly contact the Bank of Israel to receive special authorization to open an account for the victim, within the framework of Section 3(c) of the Prohibition on Money Laundering Order. The account type will be determined by each bank based on its own business judgment.

The Bank of Israel has established a designated team for the issue and it will be possible to contact the team within the framework of the accelerated proceeding in order to receive special authorization to open an account for women with no status, who have one identifying document, even if it has expired. The team will respond to the bank as soon as possible, and the latter will move forward, upon receipt of the Bank of Israel's authorization to open an account, with the continuation of the process vis-à-vis the victim, enabling her to conduct an independent financial life.

**g. Financial education training at the shelters and centers**

With the goal of enhancing financial awareness and financial education of victims and staff members at the shelters and transitional housing, the financial institutions decided to take upon themselves, within the framework of this Covenant, to assist in the area of financial education and knowledge in the shelters. They are doing this by creating a direct and independent interface between themselves and the shelters and centers. This interface includes periodic lectures on various financial issues, at times determined by the shelters/centers and the financial institutions. This interface may develop into other areas as well, in accordance with need and with the agreement of both sides. Such cooperation is by its nature more relevant in shelters, yet representatives of the financial institutions intend to hold financial education sessions for the welfare teams at the centers as well, in order to deepen their financial knowledge, their awareness of issues that are covered by the Covenant, and of other financial issues. These sessions will take place in full coordination and in accordance with needs that are raised by the centers.

**Conclusion**

The "Banking Accessibility" Covenant is intended to help victims of violence set out on a new path toward economic independence. This goal is achieved, first and foremost, by enhancing the connection between the financial institutions and the shelters and centers, and through them, with the battered women. The framework of the covenant is based on the personal connection with the contact people appointed at each of the financial institutions, through which it will be



possible to provide the women the personal assistance that they so need, as rapidly as possible, which in many cases is vital.

Alongside the contact person's activity, which serves as the core of the framework, the Covenant deals with determining additional solutions, as detailed above, in coordination with the women and the contact people helping them at the shelters and centers. This is done in accordance with existing directives, as the banks try to come up with the optimal set of personalized solutions for each one in line with her needs and circumstances.

The Association of Banks in Israel will monitor and study the implementation of the Covenant, with the intention of drawing lessons regarding the need for the improvement of the service given to women who are victims of violent abuse.

## **Banking Availability Covenant (Part Two)**

### **A voluntary banking Covenant to ease the financial struggle of women who are in the process of leaving and rehabilitating from prostitution**

#### **Background**

People involved in prostitution, including women, men, and transsexuals, both minors and adults (those exploited by prostitution) suffer from sexual and physical abuse, exploitation, health-related problems, and financial difficulties.

The process of leaving the world of prostitution and rehabilitating from it requires emotional fortitude and the support of as many people as possible. Even following the process, those who have gone through it remain with serious emotional scars, such as post-trauma and depression.

The Prohibition of Prostitution Consumption (Temporary Order and Legislative Amendment) Law, 5779–2019 sets out that consuming prostitution is a criminal offense. In a government decision<sup>5</sup> made after the Law was passed, the rehabilitation, treatment, and assistance provided by the State to those exploited by prostitution were expanded, and significant budgets were added for this purpose.

Since these steps were taken, various State authorities<sup>6</sup> have joined this important effort, and designated responses have been formulated to address the complex needs of this target population.

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<sup>5</sup> Government Decision number 4462 of January 13, 2019.

<sup>6</sup> National Insurance Institute program to exercise rights and provide disability benefits due to PTSD; "Flexible response basket" of the Ministry of Welfare; removal of debts through a bankruptcy path by the Supervisor of Bankruptcy Proceedings and Economic Rehabilitation in conjunction with the Coalition for the Fight Against Prostitution.

A mapping of the main needs and difficulties being experienced by this target group shows that “difficulty in financial conduct is a central barrier” to the process of leaving and rehabilitating from prostitution.

In a survey that the Ministry of Welfare conducted among those exploited by prostitution<sup>7</sup>, 66 percent of respondents answered that they took up prostitution due to economic distress, and 71 percent said that economic distress was the reason they were currently engaged in prostitution.

The frequency of the difficulty in financial conduct among these population groups is due to the events that led them into prostitution in the first place, and/or factors that were created due to their involvement in prostitution.

- The vast majority of people exploited by prostitution suffered sexual abuse and/or parental neglect and/or violence, or other injury, during their lives. As a result, in many cases, they find it difficult to trust people or the institutions that are trying to help them.
- Negative stigmas attached to these populations groups, and a lack of acquaintance with them and their unique needs on the part of services providers and the various institutions, in many cases lead to a response that is not appropriate for them, questions that they interpret as invasive, and an attitude that is interpreted as offensive.
- People exploited by prostitution have difficulty providing official documents that financial institutions sometimes require (such as salary slips and reports on their sources of income).

In many cases, these factors lead to people in these groups avoiding meetings with financial entities, which leads to a repression and deepening of financial difficulties (such as the accumulation of cash) and not maximizing financial opportunities that are available to them.

Recognizing the complex situation and unique needs of these population groups will help employees of the financial institutions to view prostitution survivors as being at a crossroads in their lives, act toward them with the extra sensitivity that their unique needs demand, and help them change their financial conduct so that instead of unregulated actions that lead to deeper debts, they can leave their situation in a controlled and planned manner. It will also help the financial institutions make services and opportunities more accessible to the survivors, and help the survivors maximize their rights.

### **Expanding the program to assist survivors of prostitution**

As of March 12, 2023, survivors of prostitution can use the measures for implementing the program that are detailed in Sections A-G of the Financial Availability Covenant, with necessary adjustments, with the exception of Section C and Section D.1. Any place in the Covenant in which the term “shelter” or “center” is used, the section will be valid for assistance organizations as well, and any place in which the term “applicant”, “victim”, “victim of violence”, or similar term is used, the term “survivor” or “survivor of prostitution” may be inserted in its place.

### **Special points of emphasis for assistance to survivors of prostitution**

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<sup>7</sup> The National Survey on Prostitution in Israel, Ministry of Welfare and Social Services, 2012.

Recognizing the unique needs of survivors of prostitution, and understanding the difficulties associated with their rehabilitation and the special sensitivity necessary when guiding them through the process, the following points have been added for this population group:

1. Fulfilling the financial instructions issued by the survivors will involve taking note of the difficulties with which they are dealing, such as barriers to the use of digital tools, difficulty in answering invasive questions that arouse trauma or shame, and a lack of documentation to determine financial strength, such as pay slips or rental contracts.
2. Maintaining the survivor's privacy as much as possible in order to prevent the exposure of her personal information or information regarding her rehabilitation.
3. Special attention will be paid to the possibility that there may be accounts with liens / loans / debts initiated by exploitative parties, or the need to use checks as essential means of payment to pay rent, in accordance with Proper Conduct of Banking Business Directive 422.
4. In all places in the Covenant where it is noted that the assistance will continue for a certain period after the person leaves the shelter or treatment center, the matter will be relevant for survivors of prostitution for a period of a year and a half following her request for assistance through the Covenant.