



July 15, 2014

**Circular Number C-06-2427**

To:

The banking corporations and credit card companies

**Issue: Opening of Bank Accounts via the Internet**  
(Proper Conduct of Banking Business Directive 418)

### **Introduction**

1. The joint Team to Examine Increasing Competitiveness in the Banking System<sup>1</sup> recommended as part of the report it published that accounts be opened online, subject to a number of conditions and restrictions, as a means that could increase competitiveness in the banking system, by making it easier to move between banks in general, and to banks with a reduced deployment of branches in particular.
2. Opening an account online is a factor that increases risk, such as risks related to the prohibition on money laundering and financing terrorism, and operational risks such as risks related to impersonation and fraud. Therefore, the Directive, as defined below, sets out a number of restrictions and preconditions that are intended to provide a response to the increased risk. In addition, the banking corporations are required to set out a policy and procedures that will include requirements beyond that stated in the Directive.
3. In order to make it possible to open accounts online, I made use of authorities granted to me pursuant to the Prohibition on Money Laundering (the Banking Corporations' Requirement regarding Identification, Reporting and Record-keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5671-2001 (hereinafter: "the Order"), to set out alternative identification procedures and documents.
4. For the purpose of implementing the recommendation of the competitiveness team and achieving the objectives as stated therein, and following consultations with the Advisory Committee on Matters Concerning Banking business, and with the approval of the Governor, I have promulgated Proper Conduct of Banking Business Directive 418 "Opening of Bank Accounts via the Internet" (hereinafter: "the Directive").

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<sup>1</sup> The Team to Examine Increasing Competitiveness in the Banking System, Final Report (March 2013), pp. 85-87 (Hebrew).



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### **Main points of the Directive**

5. Sections 7–9 of the Directive set out alternative identification documents and procedures to those set out in the Order.
6. Sections 11–13 of the Directive set out quantitative limits on the activity in an online account, and additional restrictions such as on issuing checkbooks.
7. Section 14 of the Directive—the pre condition for opening an account and the restrictions on managing an account that were set out in the Directive will be removed only after the customer’s full identification is completed.

### **Commencement**

8. This Circular shall be in force from the date of its publication.

### **File update**

9. Update pages for the Proper Conduct of Banking Business file are attached. The following are the update instructions.

<b>Remove page</b>	-----
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Sincerely,

**David Zaken**  
Supervisor of Banks