

## NON-BANKING BENEFITS TO CUSTOMERS

### **Introduction**

1. This Directive sets out the rules for banking corporations granting non-banking benefits to their customers. The Directive enables banking corporations to grant non-banking benefits to their customers by way of the customer's current activity in the account, with the aim of improving the customer's experience in the contact with the bank, promoting digital banking, encouraging proper conduct in the account, and increasing competition in the banking system, all without negatively impacting the customer's ability to compare between the banking products offered to them, and to distinguish between the value of the non-banking benefits and the value of banking products, and without stipulating restrictive conditions when granting non-banking benefits.

### **Definitions**

2. **“Banking benefit”** - A benefit that, by its very nature, is attached to a banking service or product, such as additional interest, a reduction or exemption from interest or fee payments, a reduction or waiver of third-party reimbursements, or a change in terms of payment.

**“Non-banking benefit”** – A benefit in kind or rights, that is not a banking benefit, including in connection with a service or product, that is given or that is promised to be given as a gift either by way of advance credit or credit after the fact, by way of coupon, discount, loan that is gradually cancelled, or any other way, as well as the payment of money by way of crediting the customer's account or payment card.

**“Customer”** - As defined in the Banking (Service to Customer) Law, 5741–1981, including a person assessing the possibility or the feasibility of associating with the banking corporation.

**“Advertising material”**- A message distributed commercially by the banking corporation or on its behalf, the objective of which is to directly or

indirectly encourage the purchase of a product or service, including for purposes of retaining existing customers.

**“Banking corporation”** - As defined in the Banking (Service to Customer) Law, 5741–1981.

### **Restriction of benefits to customers**

3. (a) A banking corporation shall not grant a non-banking benefit to a customer by reason of opening a current account or when selling other banking products, including opening a deposit, making credit available or utilizing credit, opening or managing an investment portfolio, investment counseling, or pension counseling.
- (b) Notwithstanding that stated in sub-Section (a), a banking corporation shall be permitted to grant payment in cash or an item of small value for the purpose of marketing the banking corporation, by reason of opening a current account.
- (c) A banking corporation is permitted to grant a non-banking benefit to a customer by reason of:
- (1) Submitting a request to issue, possessing or using a payment card;
  - (2) The customer’s current activity in the current account, including joining and using online banking services;
  - (3) Opening and managing a settlement and deduction account.
- (d) In granting a non-banking benefit in accordance with sub-Sections (b) and (c), the following conditions, in whole or in part, shall not be stipulated:
- (1) Association with the banking corporation for any period of time;
  - (2) A demand to return the non-banking benefit, including its value, in whole or in part;
  - (3) The customer’s agreement to receive advertising material from the banking corporation.

### **Revolving credit**

- (e) Without derogating from that stated in sub-Sections (a)–(d) of the Directive, a Banking Corporation shall not make the granting of non-banking benefits conditional upon actually making a revolving credit service available, or on the use of such a service.

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In this Section, “revolving credit” shall mean a credit service in which a fixed monthly debit (amount or percentage) is set, and if the charges in a certain month exceed the defined amount, the difference is collected at a later date, plus interest.

**Disclosure to the customer**

- (f) Should the banking corporation offer a customer a non-banking benefit by way of advertising material, the banking corporation shall include material information concerning the non-banking benefit in the advertising material. Should it choose to display the price of the product or service offered to the customer following the non-banking credit, it shall also display the price before the non-banking credit, as provided to it by the supplier, should there be any. In addition, the banking corporation shall publish the details of the non-banking credit on its website.

**Accumulating rights to non-banking benefits**

- (g) An issuer who enables its customers to accumulate rights to non-banking benefits in respect of transactions carried out by way of payment cards shall disclose to its customers in advance the amount and types of the transactions required to accumulate the rights (hereinafter: the manner of accumulation). The issuer shall provide written notification to the customer, two months in advance, of any change in the manner of accumulation to the customer’s disadvantage.

4. This Directive shall also apply if the banking corporation grants a customer a non-banking benefit, directly or indirectly, through a third party, or at the expense of a third party, or through the banking corporation’s association with other business entities.

**Prohibition of lotteries**

5. A banking corporation shall not conduct a lottery among its customers and shall not enter its customers in a lottery conducted by another party.

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