



July 26, 2020

To: The banking corporations and credit card companies

Re: Report to the Knesset's Economic Affairs Committee in accordance with Section 5a3(d)(2) of the Banking (Service to Customers) Law, 5741-1981

In accordance with Section 5a3 of the Banking (Service to Customer) Law, 5741-1981, (hereinafter, "the Law") and in accordance with Proper Conduct of Banking Business Directive no. 426 (hereinafter, "Directive 426"), the banking corporations are required to provide their customers with a professional human response via a telephone call center, for the types of services¹ established in the Law, at least during core hours, while complying with wait time indicators for receiving a professional human response, as defined in Directive 426.

At the beginning of 2020, the coronavirus crisis broke out in Israel. Within several weeks, the number of unemployed increased drastically and many self-employed people had to close their businesses. In addition, a lockdown was imposed for several weeks, and Ministry of Health guidelines instructed residents to maintain physical social distance, to reduce gatherings, and in the case of exposure to someone who was confirmed to have the virus, even to go into isolation. These limitations began to be lifted over the course of May.

The outcome of these events on the banking system, was reflected in, among other things, a marked increase in the quantity of customer enquiries to the call centers and in the complexity of the issues discussed via this channel, whether with the goal of avoiding physically going to the branch, or in order to attempt to organize their issues due to the economic difficulties they encountered. Among other things, there was a marked increase in enquiries to call centers to defer loan payments. At the same time, there was an increase in the number of call-center workers who were in isolation, workers who had to work from home, workers for whom it was difficult to get to work due to limitations on public transport, etc. The banking system had to, and in fact did, work to create rapid technological solutions, among other things in order to create distance between workers in a workplace of shared open spaces which typifies phone center activity. Despite all these efforts, and taking into account the complexity of the situation, the call centers' response times were adversely impacted.

¹ Types of services: handling malfunctions, clarifying accounts, terminating a contract.

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In order to deal with the complex and developing situation, and with the understanding of the importance of providing quality services via phone response, particularly during this period, the Banking Supervision Department guided the banking corporations to continue to make maximum efforts to provide the optimal human response to customers, and worked to remove barriers in order to help with that, including easing the manner of sending a proposal to customers to enroll in e-banking services and made it possible to switch the voice recording requirement with a requirement just for documentation.

During the recent period, the banking corporations have continued to work to find alternative solutions. As such, customers were contacted in a proactive manner to enroll them in remote services; closed branches were shifted to providing a response to customers who called the phone centers; customers were steered toward digital channels; sending files to a banker was allowed; remote contact was made for workers working from home; transportation for workers was arranged, and more.

Despite the banking system's many efforts to deal with the crisis and the leniencies granted by the Banking Supervision Department, the situation on the ground was complicated, and in general, the banking corporations found it difficult to comply with the limitations set in Directive 426² in March – May 2020. Likewise, part of the solutions that were intended to provide service to customers despite the situation, came at the expense of complete collection of data, and therefore the data that were collected do not reflect the full and precise picture.

Taking into account the objective difficulties experienced by the banking system in the months noted above, given the efforts invested by the banking system in providing a suitable response during this complicated period, the data not fully reflecting the activity as it actually was, and in accordance with the authority granted to me by Section 5a3(d)(1) of the Law, I hereby establish retroactively that the banking corporations were permitted to deviate from the compulsory directives in this issue for the months of March to May 2020.

However, in view of the notable increase in the scope of infection by the coronavirus and the forecasts regarding the morbidity rate and duration, the banking corporations are required and are continuing with appropriate preparation and making the most efforts to provide an optimal human response to customers, including learning from the experience accumulated in recent months, learning lessons, mapping and managing risks, and

² Alongside qualifications regarding the completeness of the data and lack of uniformity in reports, we note that in most cases the deviations were reflected in not more than 10 minutes of deviation from the wait time set in law, 6 minutes.

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supportive technological developments, in order to comply with the response times set in law.

Sincerely,

Yair Avidan
Supervisor of Banks

Cc: Odeda Perez, Deputy Supervisor of Banks
Revital Keisar-Suissa, Deputy Supervisor of Banks