



BANK OF ISRAEL
Banking Supervision Department

The Handling of Public Enquiries and Complaints in 2013

June 2014

Preface

Banking services are essential financial services for households and businesses, and the banking corporations rendering these services—the banks and credit card companies—fulfill a significant public role. The banks should fulfill this role while strictly adhering to the principles of transparency and fairness toward their customers, exercising care in their business conduct, in order to ensure their long term stability, for the benefit of the general public.

In order to promote these principles, the Banking Supervision Department uses numerous tools, including regulation of banking activity through Proper Conduct of Banking Business Directives, rules and circulars, audit and enforcement, public relations and financial education.

One of the main tools used by the Banking Supervision Department to ensure the proper treatment of customers by banks is the handling of public enquiries: the Public Enquiries Unit at the Banking Supervision Department clarifies customers' complaints, decides whether the complaints are justified and, if needed, orders the banking corporations to provide the customers with remedies.¹ The enquiries are handled by professional, experienced employees with relevant academic background, using various channels—telephone, mail and e-mail. This activity makes a significant contribution to promoting fairness in bank-customer relations, and in enhancing the public's confidence in the banking system as well as in the Banking Supervision Department as the authority protecting bank customers.

In order to ensure that public enquiries are handled fairly and professionally, as well as efficiently and as quickly as possible, we are currently working on amending the procedure for filing clarifications and complaints with the Public Enquiries Unit, as well as reinforcing the mechanisms used by banking corporations in order to handle and monitor public enquiries.

¹ This power is in accordance with Section 16 of the Banking (Service to the Customer) Law, 5741–1981.

The following report presents the main actions employed by the Banking Enquiries Department in terms of handling public enquiries in 2013, including examples of handling specific customer-related areas, for the benefit of the public and the banking system.

Respectfully,

A handwritten signature in black ink, appearing to be 'DZ', enclosed within a hand-drawn oval shape.

David Zaken

Supervisor of Banks

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Introduction

The Banking Supervision Department handles public enquiries under the authority of Section 16 of the Banking (Service to the Customer) Law, 5741–1981. The enquiries are handled by the Public Enquiries Unit at the Bank-Customer Relations Division of the Banking Supervision Department, and the Unit is empowered to clarify the public's complaints regarding its business with banking corporations—the banks and credit card companies—in all areas of their activity including: management of current accounts, means of payment, deposits, foreign currency, fees, loans, mortgages, and activities related to securities. For further information on the activity of the Unit and how to submit enquiries, please go to the following address:

<http://www.boi.org.il/en/ConsumerInformation/PublicEnquiries/Pages/Default.aspx>

The purview of the Banking Supervision Department does not include: complaints against the Postal Bank (which is under the purview of the Ministry of Communications); complaints against insurance companies, provident funds and pension funds (which are under the purview of the Commissioner of Capital Markets, Insurance and Savings at the Ministry of Finance); complaints concerning the deduction of taxes (which is under the purview of the Israel Tax Authority); and complaints concerning securities investment advice (which is under the purview the Israel Securities Authority). Neither is the Banking Supervision Department involved in matters that are being discussed concurrently – or that were discussed in the past – in the courts, the Execution Office or other instances.

It is important to contact the bank before filing enquiries with the Unit on the following matters: refusal to open an account; obtaining information on the accounts of deceased customers; locating accounts; locating or obtaining documents; obtaining explanations regarding fees or banking products; checking balances and calculations.

The rating of the banking corporations herein is based only on the information obtained by the Banking Supervision Department in its processing of customers' enquiries and complaints, and does not constitute a comprehensive rating of the banking corporation's entire range of activities. The rating is provided as a public service, and should not be regarded as a recommendation or proposal.

The complaints included in this report do not constitute a representative sample. They were selected because, in our view, they may be of interest to the general public. While these complaints may be indicative of the position of the Banking Supervision Department, they should not be regarded as binding precedents, since each case was handled in accordance with its specific facts and circumstances.

Part A – Statistical Data

1. Processing of public enquiries and complaints: General data²

1.1 Data regarding all enquiries and complaints by the public

In 2013, the Banking Supervision Department handled approximately 5,300 written enquiries and complaints, of which 2,484 were complaints related to a specific dispute between the customer and the bank, and 2,816 were requests to receive information on consumer rights, questions and various clarifications.

In addition, the Department responded to 21,450 telephone enquiries. In 2013, the number of telephone enquiries increased by 31 percent as compared with 2012, since the public tends to make more and more phone inquiries, *inter alia* while taking a mortgage and moving from one bank to another, and before filing a complaint with the bank itself or the Banking Supervision Department. These enquiries were answered shortly after being filed.

In 2013, the Banking Supervision Department completed the handling of 5,067 written enquiries and complaints, of which 1,549 were complaints related to a specific dispute between the customer and the bank, and 3,518 were requests to receive information on consumer rights, questions regarding Banking Supervision policy and various clarifications. Seventy-nine percent of the enquiries were processed within 3 months (see Table 1 below).

Table 1
Distribution of handling time for written enquiries and complaints

Up to 3 months	3–6 months	6-9 months	9-12 months	More than 12 months
79%	9%	5%	3%	4%

1.2 Data on public enquiries

The Banking Supervision Department places significant emphasis on handling individual complaints filed by customers of the banking system. Its findings resulting

² "Enquiries"—requests for information regarding customers' consumer rights, questions regarding the Banking Supervision Department's policies and various clarifications. "Complaints"—reports on specific conflicts between a bank and a customer, usually accompanied by a request for a remedy.

from the processing of the complaints are used to identify and amend systemic deficiencies and identify issues requiring regulation, audits and public relations.

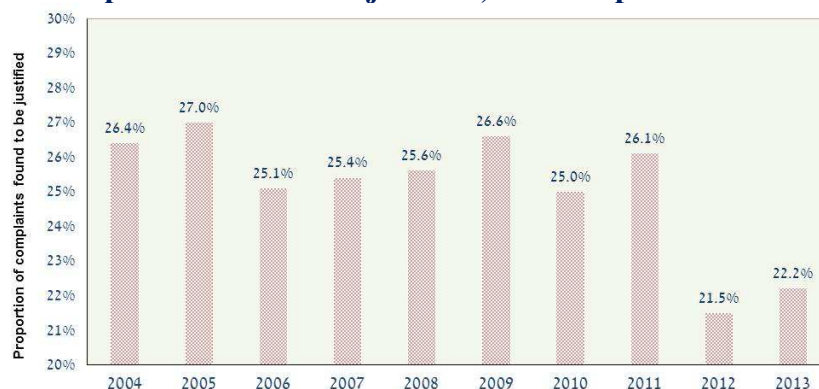
As mentioned above, in 2013 2,484 complaints were received, 1,549 of which were fully processed, as compared with 1,253 complaints which were fully processed in 2012. A position was taken on 1,131 complaints – that they were either justified or unjustified – which constitute 73 percent of the fully processed complaints (a portion similar to the one recorded in 2012). No position was taken on the remaining complaints, inter alia, due to an inability to decide between conflicting oral claims, due to concurrent legal proceedings, or due to the banks' readiness to accede to the customers' requests before a position was taken regarding the complaint.

Table 2
Number of complaints for which handling was completed, and proportion of justified complaints, 2013 compared with 2012

	2012	2013
Number of complaints for which handling was completed	1,253	1,549
Number of complaints on which a position was taken	898	1,131
Number of complaints found to be justified	193	251
Percentage of justified complaints out of those on which a position was taken	21.5%	22.2%

In 2013, the portion of justified complaints constituted 22.2 percent of the complaints on which a position was taken—a proportion similar to the portion of justified complaints in 2012 (21.5 percent). Figure 1 indicates that the portion of justified complaints declined in the past two years from an average of 26 percent to an average of 22 percent.

Figure 1
Proportion of complaints found to be justified, over the past decade



Following the involvement of the Banking Supervision Department in individual complaints, banking corporations paid their customers a total of approximately NIS 1.5 million (see Table 3 in Appendix B). Additional amounts (approximately NIS 3.8 million) were returned to customers following systemic treatment or audits conducted by the Banking Supervision Department following, *inter alia*, the use of information obtained from the Public Enquiries Unit.

The distribution of the proportion of complaints which were fully processed, according to their total processing time, appears in Table 3 below.³ Most complaints filed in 2013 were processed within three months. A complaint's processing time depends on its factual or legal complexity. At times, the processing is lengthy, since it needs to be clarified with the banks or credit card companies. In some cases, a number of clarifications are required in order to reach a decision regarding a complaint.

Table 3
Length of time to process complaints for which the processing was completed, 2013

Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Over 12 months
62 %	15 %	10 %	5 %	8 %

2. Detailed review of statistics on complaints against the banking corporations

The quality of treatment of customers by the five largest banks, as reflected in complaints handled by the Banking Supervision Department, is based on the following four criteria, which are based, in turn, on data accumulated by the Department while handling the complaints.

- a. The portion of justified complaints out of all the complaints on which a position was taken;
- b. The ratio between the bank's share of justified complaints and its share of the banking system;⁴

³ The processing time includes the time needed in order to examine a complaint and obtain a response from the banking corporation, in cases where the Banking Supervision Department approaches the banking corporation.

⁴ The share of the system was calculated using total assets less business credit, since this is a relevant criterion for estimating the volume of each bank's retail activity.

- c. The portion of complaints that were satisfactorily processed by the banking corporation out of the total number of complaints regarding which the Banking Supervision Department contacted the corporation;
- d. The portion of cases in which the banking corporation acted in the customer's favor even if the complaints were not found to be justified.

On the basis of these criteria, the banking corporations are rated on the following scale, which is similar to the one used to evaluate the banking corporations' performance in terms of management and control: Particularly good, good, adequate, needs improvement, needs significant improvement, and deficient. See Appendix A to the report for a description of the criteria and the weighting attributed to them.

2.1 The overall rating

The overall ratings of the **five largest banks** (based on a weighting of the four above-mentioned criteria) in 2011–13 are set out in Table 4. Three banks show a trend of improvement in their handling of public complaints: Mizrahi-Tefahot, Discount Bank and First International Bank, while Bank Leumi and Bank Hapoalim show stability. The overall rating given to four of the five largest banks was identical—they were rated "good"—while Bank Hapoalim was given a lower rating, "adequate".

Table 4
The overall rating of the five largest banks (based on a weighting of the four above-mentioned criteria), 2011–13

Bank ⁵	Rating		
	2011	2012	2013
First International	Adequate	Good	Good
Discount	Good	Adequate	Good
Leumi	Good	Good	Good
Mizrahi-Tefahot	Needs significant improvement	Adequate	Good
Hapoalim	Adequate	Adequate	Adequate

2.2 The rating criteria

The following are data regarding the five largest banks. Appendix B includes detailed data on the entire banking system, including medium-size and small banks, as well as credit card companies.

⁵ The order in which the banking groups appear in the table is according to their rating in 2013, and within the rating, by alphabetical order.

2.2.1 The proportion of justified complaints to the total number of complaints on which a position was taken

As indicated in Table 5, the lowest proportion of justified complaints was recorded in Bank Discount—15.1 percent—which is a significant improvement in relation to 2012, in which the proportion of justified complaints against the Bank stood at 20 percent; while the highest proportion was recorded in Bank Hapoalim—27.3 percent. In terms of change in the proportion of justified complaints, Bank Leumi and the First International Bank recorded the greatest increase as compared with 2012.

Table 5
The five largest banks: Number of complaints in 2013, and proportion of justified complaints, 2013 vs. 2012

Bank	Complaints	Complaints on which a position was taken	Justified complaints	Proportion of justified complaints in 2013	Proportion of justified complaints in 2012
Discount	233	179	27	15.1%	20.0%
Mizrahi-Tefahot	209	152	28	18.4%	20.1 %
First International	89	63	12	19.0%	16.7%
Leumi	262	189	39	20.6%	18.0 %
Hapoalim	358	271	74	27.3%	26.6%
Total	1,151	854	180	21.1%	21.4 %

2.2.2 The ratio between the bank's share of justified complaints and its share of the banking system

The second assessment criterion is, as mentioned, the ratio between the Bank's share of justified complaints and its share in the banking system. A low ratio may indicate that the Bank is adequately handling customers' complaints both in its branches and in its dedicated complaints handling department. Table 6 indicates that, similar to 2012, First International Bank, Bank Leumi, and Mizrahi-Tefahot Bank have a relatively low ratio between their share of justified complaints to their share of the system; Bank Hapoalim, on the other hand, has a greater share than its share of the system.

Table 6
The five largest banks: The ratio between the bank's share of justified complaints and its share of the system, 2013 vs. 2012*

Bank	Share of justified complaints	Share in the system	Ratio between share of justified complaints and share in the system, 2013	Ratio between share of justified complaints and share in the system, 2012
Leumi	15.5%	27.7%	0.56	0.46
Mizrahi-Tefahot	11.1%	16.2%	0.68	1.17
First International	4.8%	6.4%	0.74	0.75
Discount	10.7%	10.9%	0.98	1.44
Hapoalim	29.4%	25.9%	1.13	1.15

*Total assets less business credit (according to the report obtained by the Banking Supervision Department at the end of 2013) constitutes an estimate of the each bank's share of retail activity.

2.2.3 The proportion of complaints that were satisfactorily processed by the bank to the total number of complaints regarding which the Banking Supervision Department addressed the bank

According to the Banking Supervision Department, the manner in which a banking corporation handles a complaint reflects the corporation's treatment of customers' complaints, thus attesting to the importance it attributes to handling complaints adequately. Thus, the Department classifies the treatment and weights this figure in the Banks' rating measure.

Similar to previous years, in 2013, the five largest banks handled a large proportion of the complaints adequately—approximately 98 percent (see table 2 in Appendix B). In this respect, the banking system showed significant improvement, since in 2009, the average proportion of adequate handling stood at 86 percent.⁶

2.2.4 The proportion of cases where the bank acted in the customer's favor even if the complaint was not found to be justified

In certain cases, banking corporations express willingness to act in the customer's favor even if his/her complaint is not found to be justified. These cases are notable for the credibility shown by the corporation for the customer's version despite the

⁶ Details appearing in the survey of the activity of the Banking Supervision Department in the area of handling enquiries and complaints by customers for 2010 (Table 3 on page 9): http://www.boi.org.il/en/NewsAndPublications/RegularPublications/Pages/eng_act10e.aspx

difficulty in proving it, or in the bank's deciding in favor of the customer for humanitarian reasons. In some cases, banking corporations exhibit a standard of fairness which is higher than required by law.

On average, about a quarter of the disputes filed with the banks in 2013 were resolved due to the banks' willingness to accede to the customers' requests and to their satisfaction. This represents a decline of 20 percent in relation to 2012. Excluding Discount Bank and First International Bank, which improved in this figure, there was a decline in the banks' willingness to resolve direct disputes with their customers in three of the largest five banks. The Banking Supervision Department attributes great significance to resolving disputes directly with customers, and regards such resolution as compliance with a high standard of fairness.

Table 7

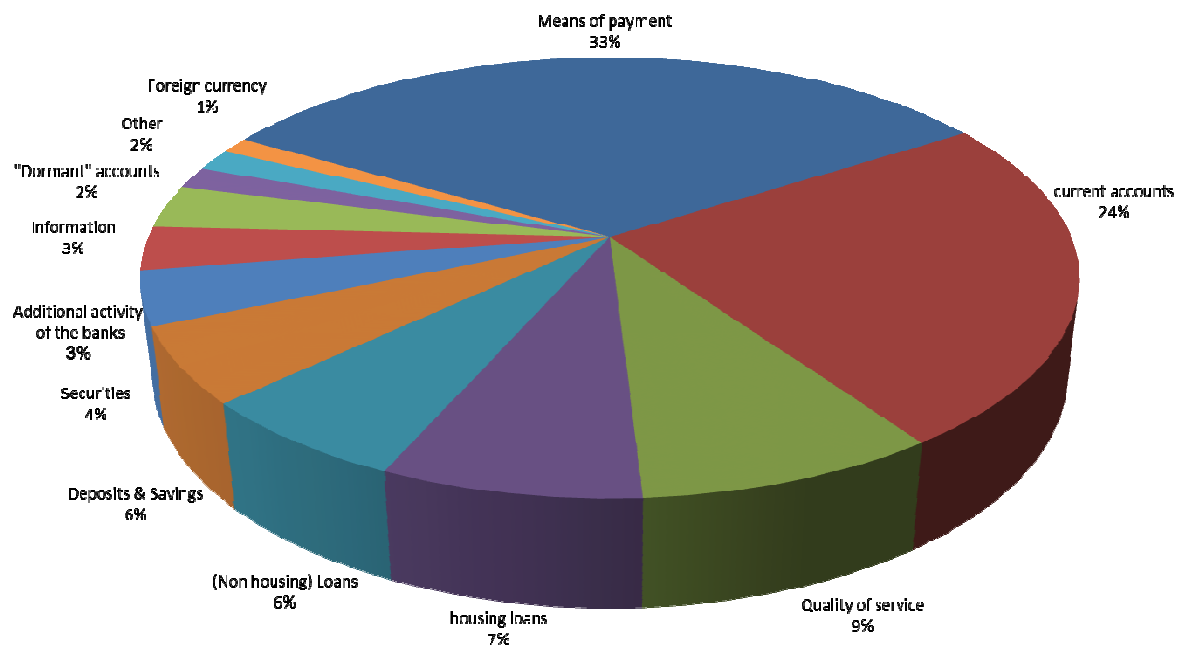
The five largest banks: Share of cases where the bank acted in the customer's favor even though the complaint was not classified as justified, 2013 vs. 2012

Bank	Complaints submitted to the bank which were not classified as justified	Complaints not classified as justified where the bank acted in the customers' favor	Total rebate to complainants in unjustified complaints ('000 NIS)	Total rebate to complainants in all complaints ('000 NIS)	Proportion of unjustified complaints to total complaints not classified as justified, 2013	Proportion of unjustified complaints to total complaints not classified as justified, 2012
First International	106	42	93	95	39.6 %	38.0%
Mizrahi-Tefahot	265	77	378	436	29.1%	31.4%
Discount	280	71	65	87	25.4%	22.4%
Hapoalim	397	91	313	405	22.9 %	31.8%
Leumi	332	71	56	256	21.4 %	28.9%
Total	1,380	352	905	1,279	25.5 %	29.7%

3. Areas of banking activity to which complaints were related

3.1 The main data

Most complaints handled in 2013 dealt with means of payment and current accounts – see Figure 2.

Figure 2: Segmentation of the complaints by banking activity types, 2013

* This year, the Banking Supervision Department made certain changes in the classification of areas of activity. The classification is now based on key products and services offered by the banking system: credit for housing and other types of credit; deposits and savings; securities deposits; all types of current accounts—joint accounts, minors' accounts, etc.; means of payment—checks, payment cards, account debit authorizations, etc.; information services. Under the title "Additional activities offered by banks" there are additional areas of activity, such as distribution of estates, implementing injunctions issued under law, debt collection, and reporting to companies providing credit data services.

In the means of payment area, the enquiries and complaints focused on checks (47 percent of all enquiries and complaints in this area) and payment cards (31 percent). The numerous complaints regarding checks, as compared with payment cards, is especially striking since the volume of payment card activity is significantly higher than the volume of checking activity.⁷ As opposed to the latter two, the percentage of complaints regarding cash and account debit authorization was lower (8 percent and 7 percent of all enquiries and complaints in this area, respectively).

34 percent of the enquiries and complaints regarding current accounts dealt with fees, 17 percent dealt with closing of accounts, and 10 percent in opening of accounts.

An additional area of activity for the banks' includes debt collection, handling inheritances, reporting to companies providing credit data services, prevention of

⁷ The Bank of Israel, Israel's Payments and Settlement Systems, the 2012 Red Book: <http://www.boi.org.il/en/PaymentSystem/Pages/Default.aspx>.

money laundering and funding of terrorism, and implementing various injunctions, including foreclosures and guardianship writs. Fifty-one percent of the complaints in this area dealt with debt collection, 24 percent with foreclosures, and 15 percent with handling inheritances.⁸

The portion of complaints regarding housing loans has been growing smaller in the past few years: in 2013, they constituted 7 percent of all complaints, compared with 10 percent in 2012 and 17 percent in 2011. We attribute the reduction to the Banking Supervision Department's systemic activity in the area of housing loans.

3.2 Processing of enquiries following restrictions imposed on granting credit for housing

In the past few years, the Banking Supervision Department initiated a number of macroprudential steps, which included various restrictions on granting credit for housing by the banking corporations.

On November 1, 2012, the Supervisor of Banks published a letter which restricted the loan to value ratio of residential mortgages.⁹ Following the letter, the Public Enquiries Unit provided responses to public enquiries (in this case, mainly by phone) regarding the restrictions and their significance.¹⁰

In addition, the Unit handled individual complaints on the issue. The handling is usually intended in prevent situations where property purchase transactions which have already been executed cannot be completed, as well as situations where the bank does not comply with its commitments to the borrowers given prior to the order's effective date.

The vast majority of the enquiries and complaints were answered by the Unit's representatives by phone, within short time frames, and most were handled to the satisfaction of the borrowers.

⁸ As a rule, handling debt collection and foreclosure orders is under the purview of the courts and execution office.

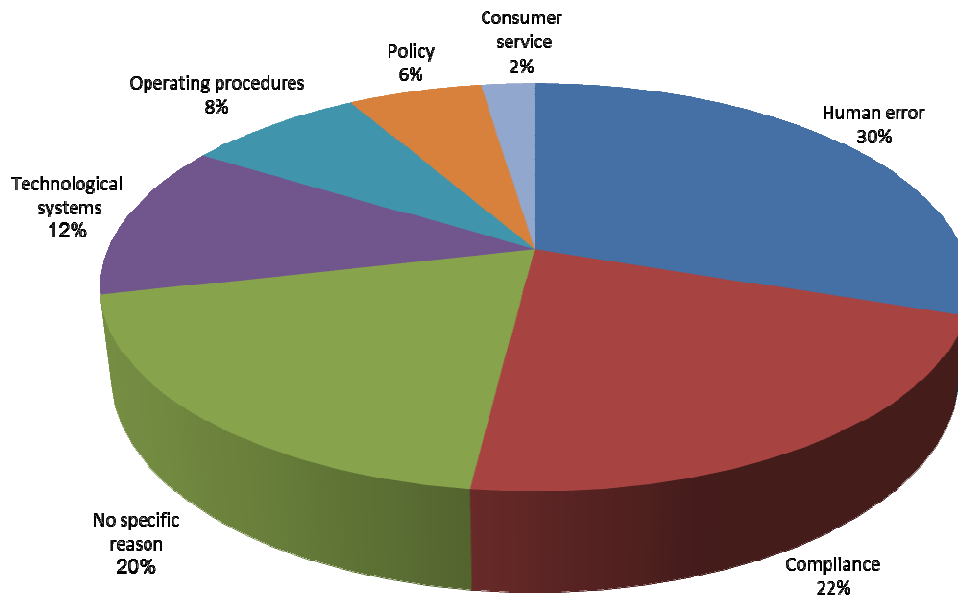
⁹ 75 percent—in case of a single property purchased by an Israeli citizen or resident, 70 percent—in case the borrower is an Israeli citizen or resident and he/she is committing to selling his/her only apartment and is purchasing another property in lieu, 50 percent—in other cases. The binding drafts of the Supervisor's letters, as well as the FAQ file regarding loans for housing, appear on the Bank of Israel's website, at www.boi.gov.il, under the Banking Supervision Department section, in the "Letter and Circulars" and "FAQ" chapters.

¹⁰ The scope of these inquiries is not shown in Figure 2, since it only relates to written enquires and complaints.

4. Nature of the deficiencies detected while processing the public's complaints

Segmentation of the justified complaints by the type of deficiencies found indicates that the main reason for deficiencies in banking corporations in 2013 remains human error.

Figure 3: Segmentation of the justified complaints by the type of deficiencies, 2013



Part B – Examples of complaints processed by the Banking Supervision Department in 2013

General: Examining the complaints and reaching decisions regarding them

The relationship between banks and their customers is characterized by gaps in information and in market power, which warrant increased protection for bank customers. The protection is regulated by banking legislation (special laws, regulations and rules stemming therefrom and Proper Conduct of Banking Business Directives issued by the Supervisor of Banks) and general civil legislation. An additional level of protection is created as a result of letters and position papers issued by the Banking Supervision Department, including position papers which are developed through the handling of customer complaints. Wide ranging principles, which were prescribed in court rulings, as well as the duty of trust and care by which a banking corporation is bound vis-à-vis its customers, as well as the duties imposed on a banking corporation by the very fact that it is perceived as a semi-public sector entity, rule all areas of banking activity and their purpose is to ensure proper relationship between the banks and their customers. The contractual engagements between a bank and its customers are bound by the various protections mentioned above, as well as the standard contract courts, the Supreme Court and other courts, which determined which terms and conditions are prohibited from being included in contracts, due to being discriminatory.

In addition, responsible and fair conduct by a banking corporation is one of the overriding principles of the OECD (Organization for Economic Co-operation and Development) for the purpose of protecting consumers of financial services.¹¹

The complaints filed with the Banking Supervision Department are examined and handled in light of the duties imposed on the banking corporations, which were mentioned above, based on a pro-consumer approach which takes into account the information and market power gaps that characterize the relationships between a bank and its customer. If necessary, the interpretation given to legislation and general principles is based on the need to ensure proper conduct towards the banking system's customers. Nevertheless, one should remember that each enquiry is examined on a case by case basis, according to each case's particular circumstances.

¹¹ G20 High-Level Principles on Financial Consumer Protection (the statement of principles, as well as other relevant documents, can be found on the OECD's website).

The following are examples of specific complaints handled by the Banking Supervision Department, and which we wish to bring to the attention of the public and the banking system.

A bank's duties towards its customers

1.1 Outsourcing of banking services

What happens when a bank wishes to use the services of an outside entity – outsourcing – for the purpose of providing services to its customers? Which entity is bound by the above mentioned stringent duties by which banks are bound towards their customers?

One of the banks engaged an external company to provide its customers with online trading services in foreign securities. Following this, the bank blocked its customers' access to their securities portfolios on its website, until the customers will have signed a direct agreement with the external company.

Banks are allowed to receive services through outsourcing under conditions prescribed by the Supervisor of Banks.¹² But even in such situations, the entity which is liable towards its customers is the banking corporation, an entity which has, as mentioned above, public sector characteristics and is bound by stringent duties of trust and care towards its customers. A bank may not condition these duties, by way of agreements or otherwise, either directly or indirectly.

The very fact that a bank demands that its customers sign an agreement with a nonbanking entity as a precondition for providing a service (in general or in a given area) is inconsistent with the duties and position of a banking corporation. In addition, the agreement with the external company included terms and conditions (including such that were intended to exempt the company from liability in various areas) which are prohibited from being included in agreements between a bank and a customer since they are discriminatory in nature.

We thus found the complaint to be justified and ordered the bank to refrain from having customers sign agreements with other entities, even if the bank receives services from external sources.

¹² The issue is regulated in Section 17 of Proper Conduct of Banking Business Directive No. 357 ("Information Technology Management").

Current accounts

2.1 Joint accounts

Joint accounts pose numerous challenges for banks, which become more acute when partners are in dispute, especially if a dispute has already erupted. Disputes often occur after one of the partners has passed away, or if the medical condition of one of them has worsened.

This reality requires banks to anticipate risks and exercise controls so as to prevent possible damages in joint accounts. Banks are often required to balance conflicting interests, a task which is not easy in the least. Naturally, in this complex area, as well as in additional areas which pertain to relationships between banks and their customers, it is impossible to develop "automatic", "one size fits all" solutions which would be appropriate for each and every case. Thus, the bank is required, as an entity with public sector characteristics which is bound by stringent duties of trust and care, to take into account the customers' respective characteristics, the activity in the account and the circumstances. The efforts invested by various banks in developing and implementing means of care, so as to reduce, as far as possible, their customers' distress, serve as a significant test for the bank's level of fairness towards its customers.

The duties of trust and care by which banks are bound are further reinforced when customers find it difficult—or impossible—to handle their affairs due to age, medical condition, disability, or other reason. In such cases, the banks are bound by the duty to act in a reasonable manner so as to prevent a situation where a customer's distress is used to gain at the customer's expense, or a situation where customers cannot withdraw funds for their day to day sustenance or vital needs.

When the account in question is one that was originally opened under the name of a parent, or when the funds in the account arise from the parent's income, then if in old age the children are added as partners to the account, this, in and of itself, does not mean that the ownership of the account has changed, but rather that partners have been added to it in order to assist the senior customer. In such circumstances, the position of the account owner's children may be very similar to that of an authorized agent. Banks and customers should give ample thought to the question whether children of an account owner should be added to the account as authorized parties rather than as partners; the bank should provide customers with full explanations, so as to allow them to reach an informed decision. But even if they were added to the

account as partners for the purpose of convenience, the bank is still bound by a special duty of care toward the original account owner.

A senior customer held an old account which served, for many years, for the purpose of obtaining a stipend for victims of Nazi crimes and accumulated significant funds; the customer asked to add his two daughters to the account, as partners, so they would assist him in managing it when he reaches old age. Later on, the father became ill, and a dispute erupted between his daughters: they blamed each other for carrying out transactions in the account which were not in the benefit of the father.

Due to the dispute, one of the daughters asked that the signatory rights in the account would be changed to "all together", so that her sister would not be able to make transactions in the account without her authorization. When the sister learned about it, she attempted to withdraw a large sum from the account, and complained to us that the bank did not allow it, due to the change in the signatory rights. In effect, the change in signatory rights led to the account's being blocked.

The bank acted appropriately when preventing the sister from withdrawing large sums which were outside the day to day management scope of the account. But the bank erred in enabling the account to be completely blocked for a certain period of time (albeit a relatively short one) due to the change of the signatory rights to "all together". Taking into account humanitarian considerations and the special characteristics of a "convenience partner", such a change in signatory rights should not prevent the release of funds for the father's day-to-day needs and his proven needs (such as a home for the elderly or medical expenses).

2.2 Minors' accounts

A bank's duties of trust and care by which a bank is bound towards its customers are all the more evident when it comes to customers who are minors. It is evident that a bank may not enable a minor's account to be overdrawn without his parents' consent.¹³ It is equally important that a bank know its customer, develop reasonable estimates regarding the activities expected in his/her account, monitor the actual activity in his account, and take adequate measures of care so as to prevent exceptional transactions

¹³ This prohibition is also prescribed by Section 6 of the Proper Conduct of Banking Business Directive No. 416 ("Minors' accounts").

which may be in breach of the bank's duties of trust and care or compromise the customer.¹⁴

An account was opened under a minor's name, and his mother complained that the bank allowed his father to use the funds in the account for his personal needs. The father was an authorized signatory in the account. He deposited checks in it and frequently withdrew funds from it. The father's activity caused the account to be significantly overdrawn.

After examining the issue, we determined that the bank acted inappropriately—the bank allowed the father to use the account for activity that was unreasonable for a minor's account, and allowed the account to be overdrawn without the mother's consent. On these grounds, the enquiry was classified as justified, and the bank was instructed to refund the minor the full amount withdrawn as a result of the father's activity. The refund amounted to NIS 18,000.

2.3 Withholding the transfer of an account to another bank and resetting a credit balance to zero for the purpose of closing the account

The difficulties involved in transferring an account from one bank to another constitute one of the barriers to increasing competition in the banking system. As a result, the Banking Supervision Department attributes great significance to facilitating such transfers. As part of its ongoing efforts to increase competition, the Banking Supervision Department invested efforts in regulating and enforcing this issue: it simplified the process and, as far as possible, placed the main responsibility for transferring accounts on the banking system, thus reducing the cost of transferring accounts.

As for terminating an engagement with a bank which does not involve transferring an account to another bank – banks are also expected, in such cases, to streamline the process and provide customers with maximum assistance.

A customer of one of the banks complained of procrastination in closing an account and transferring it to another bank. She claimed that the bank was delaying the

¹⁴Technically, the duty to know one's customers, monitor account activity and follow up on exceptional activity, is prescribed by Proper Conduct of Banking Business Directive No.411, "Prevention of Money Laundering and the Financing of Terror, and Customer Identification". However, it is obvious that protecting customers is one of the main purposes of these actions.

transfer of her securities portfolio and savings account, while continuing to charge her fees for managing the account. According to the bank, the delay was due to its attempt to dissuade the customer from leaving the bank, as part of its customer preservation process.

According to our findings, the bank did delay the transfer of the customer's securities deposits and savings account—a securities portfolio takes a few business days to be transferred, and the transfer of a deposit¹⁵ takes one business day—we thus concluded that the bank delayed the closing of the account. We thus determined that the bank should compensate the customer for the damage she incurred as a result of the delay.

When examining the account statements, we discovered that after the securities portfolio and savings account were transferred to another bank, a credit balance was left in the customer's current account. In order to close the account, the balance was reset to zero, but the amount was not forwarded to the customer's new account. It goes without saying the bank was instructed to forward the amount to the customer's new account in the other bank, with added linkage differences and interest.

2.4 Closing of an account at the bank's initiative

As a rule, a bank may close an account on its own initiative if the activity in the account is illegal or in violation of an agreement with the bank. May the bank close the account on its own initiative if there has been no activity in the account for a significant period of time and the customer only incurs damage due to the payment of fees?

A bank closed an account of a customer after there was no activity in the account for over a year, and since the customer did not deposit any funds to cover his overdraft balance, in the amount of NIS 100, created following a monthly charge of account management fees. In addition, the bank revoked the credit card attached to the account, which had not been used for a significant period of time. A number of months later, the Israel Tax Authority deposited a tax refund in the account. Since the account was closed, the credit bounced, which caused the customer to receive the funds at a later date. According to the customer, he did not know that the account was closed and was not informed of the matter by the bank.

¹⁵ This is a term savings deposit whose term has ended, or a fixed-term savings deposit which has exit points, or a deposit which was "broken" following a customer's order.

When examining the complaint, we found that the said bank tends to close accounts which have been inactive for a significant period of time and which seem to have been abandoned by their owners. The bank closes the accounts so as to assist customers and save them the minimum monthly fees charged for managing the account. However, it does not inform the customers of its intention to close the account or of its actual closing.

When a bank closes an account or revokes a credit card without informing the customer, this can cause the customer unnecessary pains and inconveniences and, at times, even more extensive damage. The bank is required to inform customers of its intention to close an account, a requirement which is prescribed by Section 9 of the Proper Conduct of Banking Business Directive No. 432; the requirement to inform a customer regarding the revocation of a credit card is prescribed by Section 4(c) of the Debit Card Law, 5746-1986, and by Section 10 of the Proper Conduct of Banking Business Directive No. 470. Taking into account the extensive liability imposed on banking corporations and the public-sector characteristics of their activity, there is great significance in the bank's informing the customer—in an effective manner—of its intention to close an account or to revoke a credit card. Thus, the banking corporation must attempt to contact the customer in order to ensure that he/she has received the notification.

The bank claimed that a reasonable customer should keep track of his account's status, *inter alia* by using the various tools for information retrieval provided by the banks to their customers through automated information stands, mobile devices and the web. If an account is overdrawn beyond the authorized credit line, the customer should deposit funds in the account without delay in order to cover the debit balance; and if customers wish to continue managing an account which has no ongoing activity, they should leave enough funds in the account to cover the expected fees and contact the bank from time to time.

We found the complaint to be justified, but determined that the bank was not required to compensate the customer, since the damage incurred by the customer cancelled out the debit balance covered by the bank itself in order to close the account. The bank was instructed to amend its work procedures and send notifications to clients when revoking services.

3. Means of payment

3.1 Checks ordered through an automated teller machine using a credit card

The banking system is developing innovative new products and services based on state of the art technology. These services are usually very convenient for customers, since they reduce the effort often involved in obtaining such services. Nevertheless, it is important to ensure that the use of technical means does not expose customers to unreasonable risks.

In one of the banks, checkbooks can be printed at the service stations, using a credit card: customers can order a checkbook and receive it automatically. A customer complained that customers had no way of cancelling or blocking this service. In other words, if customers wish to be issued a credit card, they cannot ask the bank to block the possibility of issuing a checkbook at the automatic service station.

Upon examining the complaint, we found that there was a risk that the card get into the hands of a third party following loss or a theft, and that that third party could then obtain a checkbook and use it. In such cases, where a debit card is misused, the bank's liability is regulated under the Debit Card Law, 5746-1986. Nevertheless, the protection granted by the law does not include the misuse of a check book ordered and issued through a teller machine by using the card. Misusing checks can expose customers to serious risks. For example, a check out of a checkbook issued by a party who stole or found the card can find its way to other parties (including ones who sold products or services in good faith), and these parties can attempt to collect the check amounts from the customer, including by way of execution office proceedings.

Due to the risks embodied in this service in case a card is lost or stolen, and due to the duties of a bank towards its customers, we determined that when a customer incurs damage as a result of cashing a forged check issued using a stolen or lost credit card, the bank's liability arrangement will be similar to its liability arrangement regarding the use of a debit card by an unauthorized party, as prescribed by the Debit Card Law.

3.2 Customer's error in entering a bank account number when performing a money transfer

Bank transfers are a common means of payment. Few are aware that bank transfers are performed using technological means only, through an inter-bank clearing house, using the numerical details provided by the customer wishing to perform the transfer.

When executing the transfer, only numerical fields are checked – the account number, branch number and bank number—as provided in the transfer order, but the name of the transfer recipient is not checked.¹⁶ In addition, when the transfers are between two different banks, the transferring bank has no way of verifying that the details of the branch and account at the receiving bank are correct, and the receiving bank has no way of knowing the name of the beneficiary written by the transferring party at the transferring bank. Thus, when making a bank transfer, the public should exercise utmost precision when entering the details of the transferee account (account number, branch number and bank number).¹⁷

A customer made a bank transfer, but erred in entering one of the digits of the bank account number. As a result, an account of a customer who was not the intended party was credited. The bank contacted him, but he refused to have his account debited in the erroneous amount, claiming it constituted an anonymous gift.

As noted, it is currently impossible to prevent erroneous transfers in such cases.

After the funds have been transferred to a certain party using an account's numerical details as provided by the customer, the bank has no legal right to debit the account without the account owner's consent, even if the customer claims that its owners are not the rightful recipients of the funds.¹⁸

Nevertheless, the bank cannot ignore the customer's distress upon making the erroneous transfer, and may not ignore the claim that the account was credited in error and its owner has made an unlawful gain.

We believe that the proper balance should be achieved thus: the bank should demand that the owner of the wrongly credited account return the funds. If that person refuses to return them and, in addition, does not supply adequate and reasonable explanations as to why he/she is entitled to them, the bank may, in certain cases, withhold the funds (prevent their withdrawal) until his right to them is proven. In addition, in the absence of reasonable explanations by the owner of the credited account, the bank should

¹⁶ Comparing the name of the bank account owner to the name written on the transfer order is technologically not feasible, since names can be written in various ways. If the banks were to check names, they would not execute a large portion of the transfer orders.

¹⁷ Various banks still have identically numbered accounts in different branches, despite efforts to curb the phenomenon, so there is great significance in entering the branch number correctly.

¹⁸ This is possible if the account was credited due to an error made by the bank and there is no reasonable dispute regarding the error itself. However, it is impossible to do the same when the error was committed by the transferring customer rather than by the bank.

provide the complainant with information that would enable him/her to file a lawsuit against that person.

The owner of the credited account did not provide any convincing explanation as to why his account was credited with the funds and did not point to any relationship between himself and the transferring party. Since there is reasonable basis to assume that the customer was not acting in good faith, the bank's duties towards the transferring party – who has a right to demand that the funds be returned to him – takes precedence over its duties towards the account owner; and since, in any case, a legal procedure will result in the exposure of the identity of the account owner, we instructed the bank to provide the transferring party with the contact details of the account owner and withhold the balance created as a result of the transfer, so that it cannot be withdrawn until the court's decision in lawsuit is handed down.

3.3 Authorization to debit an account by a specific amount.

An authorization to debit an account is a common means of payment, especially for the payment of utility bills such as water, electricity, telephone, etc. In most cases, the amount by which the account will be debited for such a service is unknown, since the amount naturally depends on usage. However, an authorization to debit an account may constitute a means of making predetermined monthly payments.

A customer asked for a monthly authorization to debit his account for a specific party, by a set predetermined amount. The bank notified him that even if he informed the bank of a specific amount, the bank had not intention of checking whether the charges correspond to the monthly amount which appeared on the authorization form. The said bank claimed that it was not required by law to check whether the actual debited amounts corresponded to the authorization form. In addition, the bank claimed that it was not feasible for it to do so.

The Banking Supervision Department rejected the bank's claims and found the complaint to be justified. The option to give an authorization to debit an account by a predetermined amount is prescribed by Proper Conduct of Banking Business Directive No. 439, "Debits by Authorization". The bank's right to debit a customer's account is limited to the amount noted in the authorization form. If the authorization form prescribes a certain amount, the bank may not debit the account by a different amount. If the authorization form limits the number of payments, the bank may not continue to debit the account after the last payment has been made. The bank is

required to refund the customer any amount beyond the authorized amount, according to the corresponding value date, and in case of a credit balance – with added interest and linkage differences.

4. Housing credit

4.1 Approval in principle for a housing loan

When a bank gives an approval in principle for a mortgage loan, it constitutes a commitment to grant that housing loan, provided that the customer meets the terms and conditions outlined in the approval. This commitment is intended to ensure, for a certain period of time—at least 12 days—the conditions under which the bank commits to grant the loan, including the loan amount, the loan period, the interest rate and the monthly repayment amount. This means is mainly intended to provide the customer with a period of complete certainty regarding the terms and conditions of the mortgage loan, so as to enable him to check them and compare them to terms and conditions offered by other banks, reach an informed decision, and prepare for entering into the agreement.¹⁹

A customer received an approval in principle from a certain bank, and contacted other banks in order to compare the terms and conditions and choose the best offer. After having received competing offers, the customer returned to the first bank in order to give it an opportunity to improve its offer. The bank presented its improved and final offer only on a computer screen, and provided the customer with the option of receiving either a photocopy or screen print thereof. The customer complained that the bank was unwilling to note the details of the interest rate in an approval in principle form, but only on a screen print.

Competition between the banks is one of the tools for narrowing the information and power gaps between the banks and their customers. The approval in principle by the bank for granting a mortgage loan is an important tool for promoting competition among banks in the area of housing loans and for improving actual credit terms granted to customers.

¹⁹ The duty to provide an in principle approval, and the content of that approval, are prescribed by Section 4c of Proper Conduct of Banking Business Directive No. 451, "Procedures for Granting Housing Loans".

The bank should give a customer its offer regarding housing credit only by means of the approval in principle form, which includes all of the details required by Proper Conduct of Banking Business Directive No. 451. A verbal offer, or by way of an offhand document, such as a printout or screen print, can compromise the customer's ability to obtain improved interest rates in other banks, since only an approval in principle—on the regular form, which is known throughout the banking system—constitutes definite proof of the terms offered to the customer by the bank.

We found the complaint to be justified, and the bank was instructed to issue an approval in principle, with any change in the interest rate for the approved loan, even for customers who are in the process of their market research.

4.2 Bank's refusal to meet a commitment to grant a loan

As noted, an approval in principle is a commitment by the bank to provide a mortgage loan under the terms specified in the form, provided that the customer meet the conditions. May the bank retract its commitment if the customer has met all of the conditions?

The complainant (who wished to purchase a property) contacted one of the banks and requested a mortgage loan for purchasing an apartment. She obtained an approval in principle. She provided the bank with all of the documents required in order to obtain the bank's agreement to grant the loan and met all of the conditions. The bank delayed the granting of the loan, claiming that the seller of the apartment had a debt to the bank, which caused the Execution Office to attach her bank account.

Meeting commitments to customers is one of the cornerstones of banking services. The seller's debts to the bank had nothing to do with the transaction in question, and we found no cause for the bank to violate its commitment to the customer. The bank knew about the seller's debts on the date it granted the customer an approval in principle, but did not include in that approval any condition regarding the seller's debts or removing attachments from her account. Even under the assumption that the bank made a misjudgment, this is a mistake that the counterparty could not have known about and, in any case, it pertains to whether the deal was worthwhile.²⁰

The bank was instructed to grant the customer a loan in accordance with the approval in principle, and it did.

²⁰ Such errors do not allow the bank to revoke a commitment unilaterally (see Section 14 of the Contract (General) Law, 1973-5733).

4.3 Setting conditions for issuing a letter of intent

In a letter of intent, the bank commits to the borrower that when the latter deposits the loan balance, the amount of which is noted in the document, the customer's entire debt to the bank will have been repaid, and the bank itself will remove any liens ensuring the repayment of the loan. A letter of intent was given to the borrower upon request. The borrower was considering rolling over his loan—i.e., repaying it early, including by obtaining a loan from another bank. The letter was meant to provide the borrower with certainty regarding the amount he would be repaying in order to remove the mortgage and any other liens to the benefit of the bank.²¹

The letter of intent has great significance in preventing failures and complications while executing a real estate transaction. If it is issued late, it can compromise the proper course of a real estate transaction—which, in most cases, is the most important transaction in a person's life. A letter of intent may also help the customer roll over a loan through another bank—a process which encourages competition among banks in the area of credit provision. Thus, banks should issue letters of intent as soon as possible, without creating difficulties.²²

[A customer complained that a bank was unwilling to issue a letter of intent unless a rights in land certificate or an abstract of title be presented to it.](#)

Since a letter of intent is highly significant for the purpose of protecting customers and third parties and for encouraging competition among banks in the area of credit provision, the Banking Supervision Department's position is that a bank cannot condition its issuance, including by demanding a rights in land certificate or an abstract of title. We were not convinced that such documents are indeed required for the bank to issue a letter of intent.

²¹The balance in the letter of intent may, due to various reasons, be somewhat different than the actual final balance which the customer will be required to repay. In the majority of cases, the differences are small in relation to the loan amount. However, since such differences may occur, customers can find out the final amount close to the actual to the repayment date.

²² Regarding housing loans, Proper Conduct of Banking Business Directive No. 451 requires banks to issue letters of intent within three business days, and prohibits them from charging a fee for the first two requests for the same loan filed by the customer in the same year.

We found the customer's complaint to be justified. The bank changed its work procedures, guided its employees and amended the form for requesting a letter of intent, which included the request for the documents.

4.4 Transferring a lien for a housing mortgage loan

When a customer sells an apartment which is pledged to a bank before finding an alternative apartment, the bank allows it to temporarily swap—for a period of time determined by the bank—the lien of the pledged property for a pledged deposit (“transfer deposit”). The bank commits to offset the deposit balance from the loan balance in case the customer does not provide the bank with an alternative pledgeable asset within the maximum period provided.

A customer complained that the bank did not offset the transfer deposit at the end of the agreed period (in this case – 4 years). According to her, this resulted in her incurring significant damage, since the value of the transfer deposit was linked to the USD, whose exchange rate decreased significantly and, in any case, the return from it would have been significantly lower than interest charges for the mortgage loan. The customer demanded that the bank compensate her for this damage.

It turned out that the bank did not offset the transfer deposit, despite the fact that the agreed period had ended, and did not attempt to contact the customers (excluding an annual notice regarding the existence of the deposit, which the bank sent to the address contained in its files, which is not always the up to date address).

The Banking Supervision Department instructed the bank to offset the transfer deposit beginning from the date in which the four years had ended, and the customers were credited with interest and linkage differences for the period which elapsed until the date in which the deposit was actually offset.

Appendix A – Explanation of the system for rating the banking corporations

The Public Enquiries Unit in the Bank–Customer Division of the Banking Supervision Department rates the five largest banks and the five banking groups in Israel on the manner in which they treat their customers.

The principle purpose of the rating system is to evaluate the quality of the treatment of customers, as reflected in the enquiries and the complaints processed by the Banking Supervision Department, from the aspects of service, compliance with consumer regulations, the Supervisor of Banks' directives and the assimilation of standards of fairness which form the basis for proper bank-customer relations.

Banks are rated with respect to their treatment of customers by weighting four criteria:

- a. The proportion of justified complaints within the total number of complaints against a bank on which a position was taken.
- b. The ratio between the bank's share of justified complaints and its share in the banking system.
- c. The proportion of complaints dealt with in a satisfactory manner by the bank within the total number of complaints submitted to the bank by the Unit;
- d. The proportion of enquiries and complaints in which the bank accepted the customer's claim even though these were not classified as justified by the Unit.

A brief explanation of each of the criteria and the manner in which the evaluation is made is set out below:

a. Proportion of justified complaints within the total number of complaints against the bank on which a position was taken

The weighting of this criterion in the overall evaluation is 30 percent.

Calculation of the criterion: For each bank, the number of complaints for which the processing was completed and which were found to be justified in the reviewed year, divided by the total number of complaints against that bank on which a position was taken (either justified or unjustified).

M = number of complaints against the bank the processing of which was completed in the reporting year and that were found to be justified.

E = number of complaints against that bank the processing of which was completed in the reporting year and on which a position was taken (either justified or unjustified).

$$P1 = M / E$$

b. The ratio of the bank's share of total justified complaints to its share in the banking system

The weighting of this criterion in the overall evaluation is 30 percent.

Calculation of the criterion: The ratio of the number of complaints against the bank in question, the processing of which was completed in the reporting year and that were found to be justified, to the total number of complaints against all the banks found to be justified in the reporting year, divided by the ratio of the bank's total assets (minus business credit)²³ to the banking system's total assets (minus business credit).

M = number of complaints against that bank, the processing of which was completed in the reporting year and that were found to be justified.

ΣM = total complaints against all the banks, the processing of which was completed in the reporting year and that were found to be justified.

A = Total assets of the bank minus business credit as at the end of the reporting year.

ΣA = Total assets of the banking system minus business credit as at the end of the reporting year.

$$P2 = (M/\Sigma M) / (A/\Sigma A)$$

A ratio of less than 1 implies that the bank's share of total justified complaints (against all the banks) is lower than its share in the banking system (retail and commercial banking).

- c. **Proportion of complaints and enquiries processed satisfactorily by the bank within the total number of complaints and enquiries regarding which the bank was contacted by the Public Enquiries Unit at the Banking Supervision Department.**

The weighting of this criterion in the overall evaluation is 20 percent.

Calculation of the criterion: Number of complaints, the processing of which was completed in the reporting year in a satisfactory manner by the bank in question²⁴, divided by the total complaints, the processing of which was completed in the reporting year and regarding which the bank was contacted by the Unit.

T = number of complaints, the processing of which was completed in the reporting year in a satisfactory manner by the bank in question.

B = Number of complaints, the processing of which was completed in the reporting year and regarding which the bank was contacted by the Unit.

$$P3 = T / B$$

- d. **The proportion of complaints and enquiries in which the bank acted in the customer's favor even though the Unit did not classify them as justified**

The weighting of this criterion in the overall evaluation is 20 percent.

In view of the nature of this criterion (which reflects an act of good will), the scores "needs improvement" or "deficient" were not used in the evaluation.

²³ Total assets minus business credit (based on reports to the Banking Supervision Department at the end of the reviewed year) serves as an estimate of the share of each bank in retail activity.

²⁴ As distinct from complaints and enquiries which the bank in question processed in an unsatisfactory manner.

Calculation of the criterion: For each bank, it is the number of complaints and enquiries, the processing of which was completed in the reporting year and in respect of which the bank acted in the customer's favor even though the Unit did not classify them as justified, divided by total complaints and enquiries, the processing of which was completed in the reporting year, regarding which the Unit contacted the bank, minus complaints that were found to be justified.

L = Number of complaints and enquiries, the processing of which was completed in the reporting year and in respect of which the bank acted in the customer's favor even though the Unit did not classify them as justified.

B = Number of complaints and enquiries, the processing of which was completed in the reporting year and regarding which the bank was contacted by the Unit.

M = Number of complaints against that bank, the processing of which was completed in the reporting year and which were found to be justified.

$$P4 = L / (B - M)$$

Each criterion (P1, P2, P3 and P4) was assigned a numerical score on the basis of an evaluation scale determined by the Banking Supervision Department.

The overall rating was calculated as follows:

$$G = 0.3*P1 + 0.3*P2 + 0.2*P3 + 0.2*P4$$

A verbal evaluation was determined for each numerical score as follows: particularly good, good, adequate, needs improvement, needs significant improvement and deficient. The overall evaluation of the bank from the aspect of customer relations, as reflected from investigation of the public's complaints, is published in a verbal format only.

Appendix B – Data on the entire banking system²⁵

Table 1
Number of complaints in 2013, and proportion of justified complaints in the banking system²⁶, 2013 vs. 2012

Banking corporation	Complaints out of total complaints	Complaints on which a position was taken	Number of justified complaints	Proportion of justified complaints to those on which a position was taken, 2013	Proportion of justified complaints to those on which a position was taken, 2012
Bank Hapoalim	358	271	74	27.3%	26.6%
Bank Leumi Le-Israel	262	189	39	20.6 %	18.0%
Israel Discount Bank	233	179	27	15.1%	20.0%
Mizrahi-Tefahot Bank	209	152	28	18.4%	20.1%
First International Bank of Israel	89	63	12	19.0%	16.7%
Bank Otsar Hahayal	52	39	13		
Bank Yahav	54	37	6		
Union Bank of Israel	40	28	10		
Mercantile Discount Bank	36	23	9		
Bank of Jerusalem	34	30	10		
Bank Poalei Agudat Israel	21	18	2		
Bank Massad	16	12	2		
Arab Israel Bank	7	3	3		
U-Bank	4	3	1		
Cal (Cartisey Ashrai Le'Yisrael)- Israel Credit Cards	40	29	1		
Isracard	37	31	9		
Leumi Card	22	18	4		

²⁵ All data in this Appendix refer to complaints for which the handling was completed in 2013.

²⁶ The proportion of justified complaints against banking corporations against where the number of complaints was less than 40 was not detailed in the report. The same applies to the other tables in Appendix B.

Diners Club Israel	1	1	1		
Other	34	5	0		
Total	1,549	1,131	251	22.2%	21.5%

Table 2
Proportion of complaints that were processed satisfactorily by the corporation,
2013 vs. 2012

Banking corporation	Number of complaints referred to corporation	Number of complaints processed satisfactorily	Number of complaints processed particularly well	Number of complaints processed unsatisfactorily	Proportion of complaints processed satisfactorily and particularly well, 2013	Proportion of complaints processed satisfactorily and particularly well, 2012
Bank Hapoalim	469	429	30		10 97.9%	97.9%
Bank Leumi						
Le-Israel	371	351	15		5 98.7 %	99.7%
Israel Discount Bank	307	280	25		2 99.3%	97.4%
Mizrahi-Tefahot Bank	293	255	36		2 99.3%	98.1%
First International Bank of Israel	118	106	11		1 99.2%	96.0%
Bank Yahav	82	80	0		2 97.6%	90.0%
Bank Otsar Hahayal	64	61	3		0 100.0 %	100.0%
Mercantile Discount Bank	53	48	5		0 100.0%	100.0%
Union Bank of Israel	52	50	2		0 100.0%	100.0%
Bank of Jerusalem	48	33	1		14 70.8%	
Bank Poalei Agudat Israel	27	22	5		0	
Bank Massad Arab Israel Bank	19	19	0		0	
U-Bank	8	7	0		1	
Isracard	5	3	1		1	
Cal (Cartisey Ashrai Le'Yisrael)- Israel Credit Cards	50	48	2		0 100.0%	94.1%
Leumi Card						
Diners Club Israel	49	47	2		0 100.0%	100.0%
Other	33	32	1		0	
Other	1	1	0		0	
Other	11	10	0		0	
Total	2,060	1,882	139		39 98.1%	98.1%

Table 3
Proportion of requests and complaints that were processed *ex gratia* even though they were not classified as justified, 2013 vs. 2012

Banking corporation	Total complaints not classified as justified and referred to corporation	Cases where corporation acted in customer's favor even though complaint not classified as justified (unjustified complains)	Total rebate to customers with unjustified complaints (NIS)	Total rebate to all complainants (NIS)	Proportion of complaints processed <i>ex gratia</i> to total complaints referred to bank and not classified as justified, 2013	Proportion of complaints processed <i>ex gratia</i> to total complaints referred to bank and not classified as justified, 2012
Bank Hapoalim	397	91	313,077	405,295	22.9%	31.8%
Bank Leumi						
Le-Israel	332	71	55,807	256,246	21.4%	28.9%
Israel Discount Bank	280	71	65,402	86,628	25.4%	22.4%
Mizrahi-Tefahot Bank	265	77	378,165	436,005	29.1%	31.4%
First International Bank of Israel	106	42	93,063	95,177	39.6%	38.0%
Bank Yahav	76	13	1,691	12,018	17.1%	33.8%
Bank Otsar Hahayal	51	13	54,646	60,032	25.5%	15.9%
Mercantile Discount Bank	44	12	458	26,898	27.3%	43.1%
Union Bank of Israel	43	11	3,896	8,376	25.6%	27.8%
Bank of Jerusalem	38	8	224	764	21.1%	21.4%
Bank Poalei Agudat Israel	25	10	11,420	13,149	40.0%	13.3%
Bank Massad	17	2	-	-	11.8%	35.7%
Arab Israel Bank	5	2	306	661	40.0%	31.3%
U-Bank Cal (Cartisey Ashrai Le'Yisrael)- Israel Credit Cards	4	0	-	34,751	0.0%	0.0%
Isracard	48	17	2,637	4,159	35.4%	38.1%
Isracard	42	6	564	18,810	14.3%	34.1%
Leumi Card	29	11	6,810	8,261	37.9%	16.7%
Diners Club Israel	0	0	-	19,936	None	50.0%
Total	1,813	457	988,166	1,487,165	25.2%	29.4%