

Banking Supervision Department

April 5, 2021

Circular no. C-06-2658

To:

The banking corporations and credit card companies

**Re: Implementation of an Open Banking Standard in Israel
Proper Conduct of Banking Business Directive no. 368)**

Introduction

1. In February 2020, the Banking Supervision Department published Proper Conduct of Banking Business Directive no. 368 on “The implementation of an open banking standard in Israel” (hereinafter, “Directive 368”). The directive was accompanied by Circular no. C-06-2606 (hereinafter, “Circular 2606”), through which the start dates of the Directive (Sections 66–68 of the Circular) were established.
2. In April 2020, Circular no. C-06-2613 was published. Through it, the start dates of Directive 368 were deferred by 3 months, with the start date for the first stage established for March 31, 2021. This deferral was required in view of the developments of the COVID-19 pandemic and its effects on the economy worldwide and in Israel, the reduction of the human resources in the banking system and in the credit card companies, and their focus on dealing with the urgent matters arising due to the crisis.
3. As part of the Banking Supervision Department’s ongoing follow-up of the implementation of the Directive by the banking system, issues arose that derive from the complexity of implementing the standard, related to the various stages of the project. In order to allow proper reference to the various issues and out of a desire to entrench the system of open banking, it is my intention to update the various start dates of the directive as detailed below. The deferral, for several months, will be as follows: Stage 2 is deferred to January 31, 2022, as opposed to October 10, 2021, and Stage 3 is deferred to May 31, 2022, as opposed to March 31, 2022. This deferral in the implementation of the coming stages of the project will enable the banking system to stabilize the services in the system in order for the availability of the system to be robust and the so that services in it will comply with market demands. We note that experience worldwide in implementing open banking systems indicates that an adjustment and stabilization period is required for such systems in order to entrench the availability and robustness of the services.
4. The information regarding securities is a new issue, which to the best of our knowledge has not been implemented by entities around the world, and as the issue is checked, material issues come up regarding the definition of the standard for this section and its implementation. Therefore, in order to establish implementable timetables, we intend to deepen the study and then to establish the implementation dates for this section of open banking.

5. After consultation with the Advisory Committee for Banking Business Affairs and with the approval of the Governor, I hereby defer the start date of the Directive with regard to the various stages of the open banking project as follows:

Start

6. In place of Sections 66–68 of Circular 2606 shall be:
 66. “The start date of this Directive shall be April 18, 2021, except for:
 - 66.1 The obligation to provide access to information of the type detailed in Sections 36.6 to 36.8 (payment card information, payment card balances, and payment card transactions) as well as in Section 38 (payment initiation) and all the provisions related to these sections—their start date shall be January 31, 2022.
 - 66.2 The obligation to provide access to information of the type detailed in Sections 20.7 to 20.8 (information on credit and deposits) and all the provisions related to these sections shall go into effect on May 31, 2022.
 - 66.3 The provision of access to information of the type detailed in Section 20.9 (information on securities) and all the provisions related to these sections—their start date is deferred, and shall be determined at a later point in time.
7. Section 12 of this Directive (transfer of information regarding the balance in a customer’s current account to a financial entity) and Chapter H1 of the Proper Conduct of Banking Business no. 367 (hereinafter, “Directive 367”) define alternative applications for the requirements under the Promotion of Competition and Reduction of Concentration in the Banking Market in Israel Law, 5777-2017. Therefore, and in order to allow a transition period for financial entities and a smooth transition from implementation according to Directive 367 to implementation of open banking, as described in Directive 368, Chapter H1 of Directive 367 (which refers to externalizing current account information at the request of a customer) shall not apply to a customer who is an individual, beginning from April 18, 2022. It is clarified that accordingly, Directive 367 shall be amended separately.
8. Directive 368 deals with aspects of the relationship between banks and credit card companies with individual customers regarding account aggregation services. Therefore, beginning from June 30, 2022, Chapter H of Directive 367 (which deals with account aggregation services for customers) shall not apply to individual accounts. The Chapter shall continue to apply with regard to account aggregation services on customers who are corporations. It is clarified that accordingly, Directive 367 shall be amended separately.

Sincerely,

Yair Avidan
Supervisor of Banks