



Banking Supervision
Department

Review of the Banking Supervision Department's Handling of Public Enquiries to Protect Bank Customers, 2018

- This review outlines all of the actions taken by the Public Enquiries Unit to examine and resolve complaints, including the Unit's activities, data on handling complaints, description of the handling of selected complaints, as well as its enforcement activities and correction of system-wide deficiencies in the banking industry.
- There are also examples of additional actions taken by the Banking Supervision Department to protect bank customers by various means, such as regulation, publicity and specific activity to empower unique population groups.

Jerusalem, September
2019

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A Word from the Supervisor of Banks

Protecting bank customers is a core objective of the Banking Supervision Department and we employ a variety of means and tools to achieve it. One of the primary tools in this domain is the handling of public enquiries for banking supervision purposes. The enquiries are handled at the individual customer level, while examining system-wide issues arising from the number of enquiries and addressing these issues in a system-wide manner. The Banking Supervision Department also monitors the activities of ombudsmen at the banks and credit card companies, who handle most public enquiries in accordance with the rules and principles set by the Banking Supervision Department. This control mechanism ensures that we provide adequate service to all banking system customers.

The information received from the public enables the Banking Supervision Department to identify and handle system-wide issues, thus increasing customer satisfaction with the entire banking system. We therefore deem the information from the public highly significant.

In recent years, there has been a marked increase in the number of complaints and enquiries submitted to the Banking Supervision Department by the public. This tendency is also evident in the enquiries and complaints submitted to the banking system as a whole. This demonstrates the public's growing awareness of its rights in banking and its desire to fully utilize these rights. Making information in this field more accessible and various publications of the Public Enquiries Unit have impacted this tendency.

The main issues that the public is concerned with, as evidenced by the complaints handled by the Banking Supervision Department, are quality of service, means of payment and current accounts—issues that reflect the customers' main interfaces with the banks and credit card companies.

During the past year, we have been working to enhance consumer enforcement activities, increasing the number of monetary sanctions imposed on banks and credit card companies. Thus, during 2018 and the first half of 2019, 6 consumer financial sanctions totaling NIS 4.7 million were imposed, in addition to additional enforcement actions carried out by the Banking Supervision Department as a result of handling individual and system-wide cases, which led to monetary refunds totaling NIS 8.6 million.

This review includes a rating of the quality of handling public enquiries by the ombudsmen of the banks and credit card companies. According to this rating, Bank Mizrahi-Tefahot and Bank Leumi have led this year in terms of the quality of handling public enquiries.

*"In the past year, the Banking Supervision Department **has boosted consumer enforcement**, as an additional tool to ensure that banks take proper care of their customers. In this context, we initiated enforcement actions, with emphasis on consumer credit, ATM and checking services, which led to the imposition of financial sanctions on banks and credit card companies for consumer violations, sometimes also leading to consumers receiving monetary refunds.*

*This year, the Banking Supervision Department also **boosted its control over ombudsmen** at the banks and credit card companies, who handle most public complaints."*

Respectfully,

Dr. Hedva Ber
Supervisor of Banks

Complaints & inquiries on banking issues		
Approx. 8,400 Number of complaints and enquiries handled by the Banking Supervision Department	Approx. 20% Total increase in the number of enquiries received by the Banking Supervision Department in 2018 compared with 2017	Approx. 32,000 Number of complaints and enquiries handled by banks' and credit card companies' ombudsmen
Resolution of disputes		
Approx. 25% of customers had their situations remedied in cases where the Banking Supervision Department decided to refer their matter to the banks or credit card companies	Approx. 20% of customers had their situations remedied after contacting the bank or credit card company directly	
Monetary refunds to the public		
Approx. NIS 8.5 million The amount refunded to the public due to complaints to the Banking Supervision Department	Approx. NIS 8.6 million The amount refunded to the public due to complaints and requests submitted directly to the bank or credit card company	
Fines imposed on banking corporations		
Approx. 4.7 million The amount of financial sanctions paid by banks and credit card companies due to consumer violations		

Review Highlights

The Role of the Public Enquiries Unit in the Banking Supervision Department

The Banking Supervision Department's Public Enquiries Unit responds to every enquiry submitted to the Bank of Israel requesting information, assistance, offering improvement suggestions or filing a complaint about a bank or credit card company. Special emphasis is placed on addressing the needs of unique populations, such as the elderly, the disabled and others, and their adequate representation in the banking system, in view of the power differences between them.

The Unit's primary role is to promote consumer principles designed to ensure fairness in the relations between a banking corporation and its customers and adequate banking service. The complaints and information received by the Unit allows us to identify system-wide deficiencies and to correct them. In addition, where system-wide deficiencies are concerned, we order refunds to be issued to groups of customers, beyond a specific complaint.

The Unit's Activity

In 2018, the Public Enquiries Unit received 8,400 written enquiries (compared with about 7,000 in 2017). It also responded to over 15,000 calls made to the Unit's telephone service center.

Twenty-five percent of the enquirers regarding whose complaint the Unit decided to contact a bank or credit card company have received remedies following the handling of their complaint. (Remedy = a monetary remedy, compromise agreement, waiver of debt, fulfilment of a request, restoration of the status quo ante, compensation, etc.).

As part of all enquiries handled by the Unit, the banks and credit card companies paid out approximately NIS 8.6 million as follows:

- Approximately NIS 3.4 million¹ in individual cases (compared to NIS 2.2 million in 2017).
- Approximately NIS 5.2 million was refunded in system-wide cases where a group of customers was refunded under the instructions of the Banking Supervision Department (compared to the year 2017, in which there were no system-wide refunds).

In addition, in 2018 and the first half of 2019, the Banking Supervision Department imposed six financial sanctions on banks and credit card companies for a total of NIS 4.7 million in respect of significant consumer deficiencies identified. The sanctions were imposed for the following issues: Failure to issue a warning when marketing consumer credit; violating a position of the Public Enquiries Unit on mailing checks; failure to credit customers for unsuccessful withdrawals at banks' ATMs.

Handling of public complaints by the ombudsmen of the banks and credit card companies

The banks and credit card companies are required to dedicate adequate resources to handling customer complaints through ombudsmen. To this end, the Unit issues guidelines and conducts inspections of the quality of service and handling of the complaints.

In the reporting year, ombudsmen in the entire banking system responded to approximately 26,000 written customer complaints.

The figures indicate a 19 percent increase compared to 2017, in which 22,000 complaints were handled.

As part of the ombudsmen's handling of complaints, NIS 8.5 million was refunded to customers, out of which approximately NIS 5.4 million was refunded as a result of handling complaints and approximately NIS 3.1 million - as a result of various requests for ex gratia arrangements.

Main indices measuring the quality of handling the complaints

The review features key metrics for quality of handling complaints by the banking system, in respect of the five major banks:

1. **The ratio between each bank's share of complaints and requests handled by the Banking Supervision Department and its share of the banking system** - In this index, Bank Mizrahi Tefahot was ranked first, such that its share of the complaints and requests handled by the Public Enquiries Unit in the Banking Supervision Department was the smallest relative to its share of the banking system.
2. **The percentage of cases in which the bank acted in favor of the enquirer although the complaint was not found to be justified** - Bank Leumi was the best bank, similar to 2017.
3. **The response time to public complaints by the banking corporation's ombudsman** - Bank Mizrahi Tefahot and Bank Leumi led in this metric, with about 98 percent of the complaints submitted being responded to within 30 days.

The review provides several examples of the Unit's handling of individual complaints, as well as cross-wide deficiencies identified. It also includes examples of additional actions taken by the Banking Supervision Department to protect bank consumers through other means, such as regulatory action, publicity and specific activity to empower unique population groups. The review reflects the Banking Supervision Department's approach to protecting the rights of bank consumers.

Pleasant reading,

Odeda Perez

Head of the Bank–Consumer Division

Einav Hecht-Amir

Head of the Public Enquiries Unit

Background - Handling public enquiries in the Israeli banking system

Handling of complaints

- **Investigation at no cost** – The process does not involve any payment, fee, or legal representation.
- **Professionalism** – The investigation is carried out by employees who specialize in banking consumerism.
- **Service and courtesy** – It is important to us to hear those making enquiries, with the aim of helping them and providing explanations that they can understand.
- **Effectiveness** – The Public Enquiries Unit has the authority to decide on complaints, and where necessary to determine compensation for the customer in respect of direct damage.
- **Broad handling** – If the Unit finds a deficiency that applies to a group of customers, it acts to correct it throughout the system.

The Public Enquiries Unit in the Banking Supervision Department is empowered to clarify the public's complaints regarding their business with the banks and credit card companies. In this context, the unit clarifies and decides on matters relating to the customers' business with the banks and credit card companies and supervises the quality of the ombudsmen's handling.

The chapter in brief

Overview

The Banking Supervision Department handles public enquiries (complaints and requests for information) pursuant to Section 16 of the Banking (Service to the Customer) Law, 5741–1981, through a designated unit — the Public Enquiries Unit.

The Public Enquiries Unit in the Banking Supervision Department is empowered to clarify the public's complaints regarding their business with the banks and credit card companies, and serves as a “pipeline” through which information from the public is transmitted to the relevant people in the Banking Supervision Department and the Bank of Israel. On the basis of this information (among other things), the Banking Supervision Department identifies broad deficiencies in the consumer area—both in the individual banking corporation and in the banking system as a whole—which leads to treatment of the deficiencies, regulation on consumer matters, investigations, and public information activities.

The Purview of the Public Enquiries Unit in the Banking Supervision Department

The Public Enquiries Unit is authorized to investigate all issues concerning customers' business with the banks and credit card companies in the bank–customer area, to rule on

disputes between the customer and the bank and to set adequate remedies for customers when their complaint is found to be justified.

The Banking Supervision Department's investigative authority does not cover: complaints against the Postal Bank (which is under the authority of the Ministry of Communications), complaints against insurance companies, provident funds and pension funds (which are under the authority of the Capital Market, Insurance and Savings Authority in the Ministry of Finance), complaints regarding taxation (which is under the authority of the Israel Tax Authority), and complaints regarding investment counselling (which is under the authority of the Israel Securities Authority). The Banking Supervision Department also does not generally intervene in complaints regarding issues that are currently or were previously the subject of proceedings in other tribunals, including the courts, Enforcement and Collections offices, or rabbinical and other courts.

Ruling on public complaints

Responsible and fair conduct by a banking corporation is one of the overriding principles of the OECD (Organization for Economic Cooperation and Development) for the purpose of protecting consumers of financial services.¹ This principle was adopted by us in Proper Conduct of Banking Business Directive 308A regarding handling of public complaints.

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).

Ruling is based on a system of norms such as broad 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. The goal of the principles 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 decision by 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.

The principles of handling public complaints in the banking system

- **Ombudsman** – Each bank and credit card company has a function for handling public complaints - an ombudsman. The ombudsman has two key roles - to resolve the customer's problem and ensure the deficiency is handled at the bank level.
- **Response within 45 days** – The ombudsman shall provide a detailed written response to the customer within 45 days.
- **Right of appeal** – Each customer has the right to appeal the decision of the ombudsman to the Banking Supervision Department.
- **Publication of information** – The banking corporations shall publish a service covenant on their websites, as well contact information for the ombudsman, and information on the handling of enquiries.

The complaints filed with the Banking Supervision Department are examined and handled in light of the duties imposed on the banks and credit card companies which were mentioned above. Nevertheless, it should be remembered that each enquiry is examined on a case by case basis, according to each case's particular circumstances.

The methodology for handling public complaints in the banking system

Banking Supervision Department Directive 308A on “Handling of Public Complaints” sets out the duty of a bank or credit card company to implement a corporate culture based on upholding fairness in the relationship between the corporation and the customer. The Directive also prescribes rules that aim to ensure the banking corporation's proper, efficient and fair handling of its customers' complaints as part of its obligations in its business relations with its customers.

The Directive sets out that in the first stage, the banking corporation will handle complaints and enquiries from its customers through a designated function led by an

ombudsman. If the complainant wishes to appeal the response received from the banking corporation, whether because he is not satisfied with the response or because no response was received within 45 days, the Public Enquiries Unit in the Banking Supervision Department will investigate the complaint in accordance with the authorities vested in it.

The Directive therefore creates a two-stage handling process, since the Public Enquiries Unit in the Banking Supervision Department handles and decides upon complaints that are not efficiently solved by the banking corporations themselves. In addition, the Unit deals with systemic issues that arise from the public's enquiries — issues that have broad implications for customers and exceptional or humanitarian cases.

The Banking Supervision Department's control over the activity of the ombudsmen of the banks and credit card companies

This year, the Unit established a consumer inspection function, which is responsible for ongoing supervision of the activity of the ombudsmen of the banks and credit card companies, with the aim of ensuring professional and fair handling of public complaints, which is the responsibility of the corporations in accordance with the directives of the Banking Supervision Department. The inspections include, among other things, the functioning of the ombudsman, the response times, and work processes.

Inspection findings focus on deficiencies in the quality of the response, as well as in the classification of complaints as justified or unjustified, failure to comply with the Banking Supervision Department's directives regarding sending written answers to customers and addressing all his or her complaints, failure to attach a notice to customers regarding his or her right to appeal to the Banking Supervision Department, etc.

In addition, as part of this function, enforcement inspections are initiated in order to examine banking corporations' level of compliance with the provisions of the law.

The process of handling a customer complaint about the banking system

1. The ombudsman of the banking corporation is contacted

At the first stage, the ombudsman of the banking corporation is contacted in writing. The ombudsman is required to answer the customer within 45 days. A substantial portion of the enquires is resolved when the banking corporation is contacted directly. If customers are not satisfied with the bank's response, they may contact the Banking Supervision Department and file a complaint about the banking corporation.

2. The Banking Supervision Department is contacted

By filing a written complain through the Bank of Israel's website.

3. A confirmation of receipt of the complaint is issued

After the complaint has been received and forwarded by the Public Enquiries Unit of the Banking Supervision Department, a letter confirming the receipt of the complaint, signed by the relevant party, is sent, including an assigned case number.

4. The complaint is investigated

We contact the bank to clarify the facts and obtain relevant documents needed to clarify the complaint, in order to understand the factual basis.

5. The complaint is ruled on

The Public Enquiries Unit formulates its position on the complaint based on the legislation and case law. If the complaint is justified, a position is issued to the bank, including a demand to address the deficiency.

6. An answer is sent to the customer

When handling is concluded, a written answer is sent to the customer.

7. System-wide deficiencies are identified and corrected

We examine whether any system-wide deficiencies have emerged while investigating the complaint. If such deficiencies are identified, the Unit seeks to correct them for the relevant customer group.

Contacting the Public Enquiries Unit

- A secure **online form** on the Bank of Israel's website
- **A hotline** - tel. no. 02-6552680, is open Sunday to Thursday from 9:00 to 14:00
- **Letter through the Israel Postal Company, mailed to:** The Public Enquiries Unit, POB 780, Jerusalem.

More information on the Unit's activities and contact information is available on the Bank of Israel's website, at: <http://www.boi.org.il>

Chapter A - Enquiries with the Unit in the Banking Supervision Department

In 2018, the Public Enquiries Unit received approximately 8,400 written enquiries and enquiries on banking issues. Approximately 3,300 complaints were transferred directly to the ombudsmen of banks and credit card companies. Following all of the enquires filed with the Banking Supervision Department, banking corporations paid out approximately NIS 8.6 million, with 25 percent of the enquirers regarding whose complaint the Unit decided to contact a banking corporation receiving remedies. The Unit's data indicate an increase in the number of complaints and enquiries on banking issues received and handled by the Unit. However, in the first eight months of 2019, the number of complaints and enquiries on banking issues has declined compared with the same period in 2018. About 70 percent of the complaints received by the Banking Supervision Department dealt with the following topics: quality of service, means of payment, current accounts, extension and repayment of credit.



The chapter in brief

Principal data

In 2018, the Public Enquiries Unit received approximately 8,400 written enquiries. In addition, a telephone response was provided by the Unit's telephone service center to over 15,000 calls.

Public enquiries submitted to the Unit include:

- **Complaints** – that deal with disputes between the customer and the banking corporation. Complaints are generally accompanied by a request for compensation or a request for the banking corporation to take some action.
- **Clarifications on banking matters** – Requests for information on a variety of banking matters such as information on the Banking Supervision Department's policy and directives, banking legislation, consumer rights, etc.

Following is information regarding the complaints and enquiries handled by the Unit:

1. **Direct handling** – The Unit dealt with approximately 5,100 enquiries, of which approximately 2,000 were complaints and 3,100 were clarifications on banking matters.
2. **Exhaustion of proceedings** – The Public Enquiries Unit transferred approximately 3,300 complaints directly to the Ombudsmen of banks and credit card companies in accordance with the principles set out in Proper Conduct of Banking Business Directive 308A on the handling of public complaints.

Of the written enquiries submitted to the Unit, 46 percent were filed using the online form and the remainder - by mail, email or fax. This constitutes an increase in comparison with 2016, in which only 25 percent of the complaints were submitted through an online form; we consider this development to be positive in terms of service improvement.

In addition, according to the data, about 60 percent of the enquiries and complaints were filed by men and about 40 percent by women.

Monetary refunds following handling of the Banking Supervision Department

Following all of the enquiries filed with the Banking Supervision Department, banking corporations paid out approximately NIS 8.6 million.

- About NIS 3.4 million¹ in individual cases following the activity of the Public Enquiries Unit.
- Approximately NIS 5.2 million was refunded in cross-system cases where a group of customers was refunded under the instructions of the Unit.

Number of complaints and enquiries regarding banking matters filed with the Banking Supervision Department

The number of complaints and enquiries regarding banking matters filed with the Public Enquiries Unit in the Banking Supervision Department is evidently on the rise. In 2018, there was a 20 percent year-on-year increase. According to the data of the first half of 2019, there was a 15 percent decline in the number of complaints and enquiries on banking matters compared to the corresponding period in 2018.

No. of complaints and clarifications	2016	2017	2018
Total	5,164	6,996	8,401

Number of complaints handled by the Banking Supervision Department's Public Enquiries Unit, 2018

Complaints handled by the Banking Supervision Department's Public Enquiries Unit, 2018	5,281
Complaints transferred for exhaustion of proceedings by banks and credit card companies' ombudsmen	3,323
Complaints resolved by the Banking Supervision Department	741
Complaints, the handling of which was concluded without resolution by the Banking Supervision Department	873
Complaints, the handling of which was concluded due to lack of purview of the Banking Supervision Department	298
Complaints, the handling of which was concluded by way of a mediation process between the customer and the bank, led by the Banking Supervision Department	46

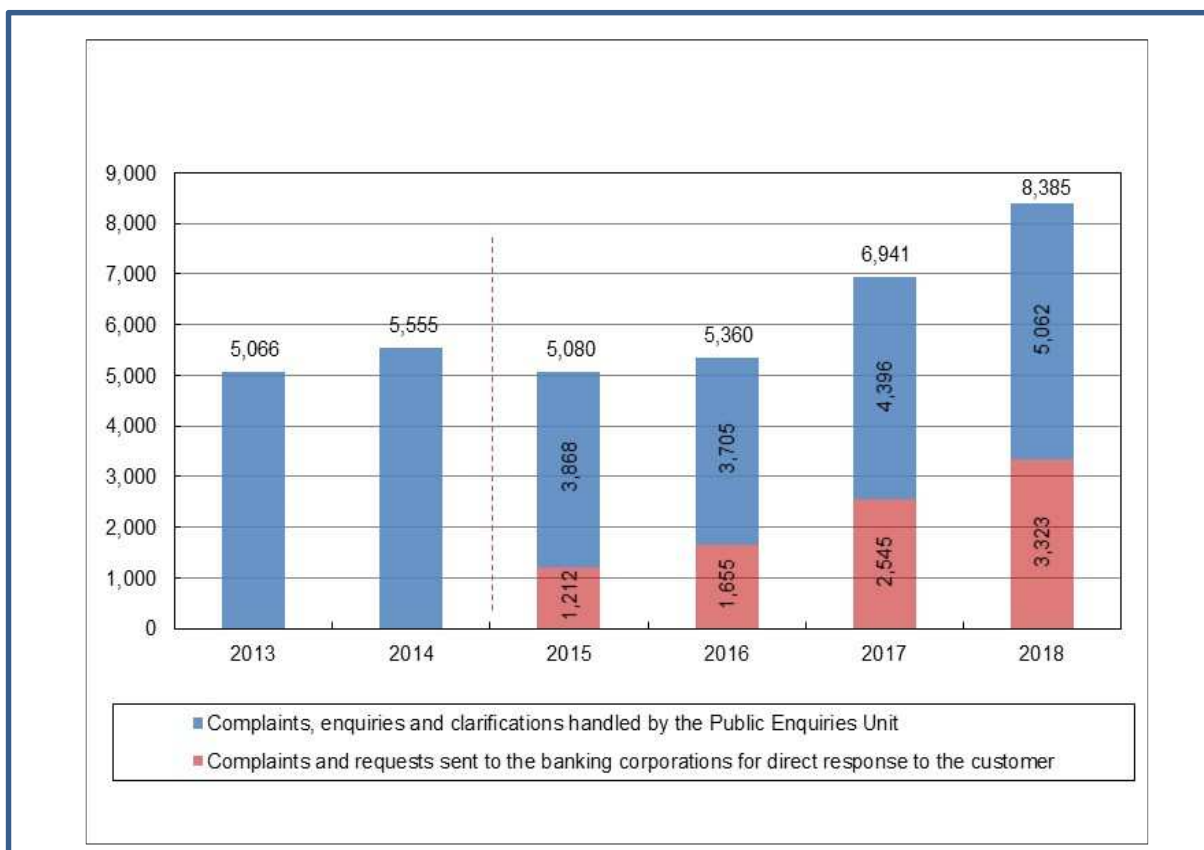
Conclusion of the handling of complaints

In 750 of the complaints, resolution was achieved as to whether the customer's complaint against the bank or credit card company was found to be justified. Eight percent of the complaints the handling on which a position was taken were found to be justified. Many other complaints were resolved to the enquirer's satisfaction without the Unit making a decision in the case, and about 25 percent of the enquirers whose cases were taken by the Public Enquiries Unit to the banking corporation received a remedy following an investigation of their case (remedy = a monetary remedy, compromise agreement, waiver of debt, fulfilment of a request, restoration of the status quo ante, compensation, etc.). In addition, the figures show that many complaints are handled to the satisfaction of the customer by the ombudsmen of banks and credit card companies.

Number of complaints and enquiries regarding banking matters handled by the Banking Supervision Department, 2013–18

The data show that the number of complaints and enquiries regarding banking matters filed with the Public Enquiries Unit was on the rise. The number of complaints transferred for exhaustion of proceedings by banks and credit card companies' ombudsmen has also increased over the years.

This demonstrates the public’s growing awareness of its rights in banking and its desire to exhaust these rights. Making information in this field more accessible and various publications of the Public Enquiries Unit have impacted this trend.



Topics of the complaints submitted to the Banking Supervision Department

The distribution of the topics of complaints during the reviewed year is not materially different than the distribution in 2017. It includes all topics concerning bank-customer relations.

About 70 percent of the complaints received by the Banking Supervision Department dealt with the following topics: quality of service, means of payment, current accounts, extension and repayment of credit. These topics reflect, in effect, the principal and ongoing activity of customers, and most of their interactions with the bank.

Complaints focused on the following topics:

 <p>22%</p> <p>Quality of service Complaints about: Closure of branches and cutting of cashier services, lack of response to customers' enquiries by the branch, lack of availability of telephone banking services, response time, treatment by bankers and the quality of response by various ombudsmen.</p>	 <p>19%</p> <p>Means of payment – Checks, credit cards and payment applications Complaints about: Impersonation and customer fraud, misuse of credit card or bank details, negligence in the review of checks, refusal to issue means of payment such as checks and debit cards, final crediting date for means of payment, malfunctions in a bank's automatic machines, and more.</p>	 <p>19%</p> <p>Current accounts Complaints about: Irregular activities in a joint account, opening/closing/transfer of accounts from one bank to another, duty of care and fiduciary duty in the management of accounts of minors, the elderly and customers to whom a guardian was appointed, unauthorized transactions, and more.</p>
<p>6%</p> <p>Consumer credit Complaints about: Credit refusal, insufficient disclosure when marketing credit, non-compliance with requirement to provide warning in advertisement, digital marketing, interest rates, collateral types, and more.</p>	 <p>5%</p> <p>Fees and commissions Complaints about: Collection of fees in breach of the bank's price list, amount and rate of fee, non-inclusion in the tracks plan, and more.</p>	 <p>4%</p> <p>Deposits and savings Complaints about: Deposits without movements, breaking a deposit, deposit's secured interest</p>
 <p>4%</p> <p>Handling of debt and foreclosures Complaints about: Interest rates, difficulties in reaching settlements, non-disclosure of information, differences between the debt as per the bank and the debt as per execution officers, dealings with guarantor, and more.</p>	 <p>4%</p> <p>Housing credit Complaints about: Validity of approval in principle, amount of early repayment fees, advance notice, removal of liens, debt settlements and mortgage possession.</p>	 <p>17%</p> <p>Other activities of the corporation Forex - 3% Inheritance - 3% Information - 2% Securities – 2% Other - 7%</p>

Initiatives and actions to protect consumers following the main issues which featured in the public's complaints



Means of payment

- Featuring statements of non-bank credit cards on the banks' websites.
- Consumer protection measures in the Payment Services Law.



Current accounts

- Subscribing small businesses to the tracks service.
- Easements in opening and management of current accounts.
- Transferring from one bank to another at the "push of a button".



Quality of service

- Quality of service customer survey.
- Supervision over closure of branches.
- Fair Credit Law.
- Setting response times for call centers.

Following are several examples of steps and initiatives championed by the Knesset, the Bank of Israel, and government ministries in areas in which customers are engaged with the banking system concerning the main issues which featured in the public's complaints. These measures are aimed at improving service and upholding customer rights:

- **Customer survey and rating of customer satisfaction with the banks' quality of service**

In January 2019, the Banking Supervision Department conducted and published a customer satisfaction survey with banking services. Following the publication of the survey, the banks accelerated service improvement processes that were already well underway and began creating new ones to improve their banking services.

- **Supervision over the process of branch closure**

The Banking Supervision Department was authorized by law to decide on each request to close a branch submitted by a bank. In this framework, detailed instructions were given with the aim of ensuring that the banks are managing their branch systems while balancing the need to increase efficiency with their continued optimization of service to the public. In addition, each individual request to close a branch was examined, as were the options available to customers, in an effort to minimize harm to the public.

- **Fair Credit Law and Credit Agreement Simplification**

As part of the implementation of the law, a concise and uniform format was drawn for the opening page of the loan agreement, outlining the highlights and material details thereof, in order to enable customers to become better acquainted with, and to understand, the terms and conditions of loans.

- **Featuring statements of non-bank credit cards on the banks' websites**

As part of the implementation of the Reducing Market Concentration and Promoting Economic Competition Law (the "Strum Law"), and in order to improve service and encourage competition, it has been established that customers' statements for non-bank credit cards will be available on the banks' websites. Will take effect on January 31, 2020.

- **Subscribing small businesses to the tracks service**

In order to reduce the current account management fees for small businesses, it was decided to proactively subscribe them, following a feasibility check conducted by the banks, to a fixed fee track, which would allow them to execute a basket of transactions at a fixed price.

- **Publication of a time limit for human response by the call center**

On July 25 2019, an amendment to the Banking (Service to the Customer) Law came into effect, which was supported by the Banking Supervision Department. The amendment stipulated that the human and professional response time on the following topics shall not exceed 6 minutes from the beginning of the call: Termination of contract, handling of a malfunction and questions regarding bank statements. As a complementary step, the Banking Supervision Department issued a directive containing adjustments for the banking system, under which it was also mandatory to give precedence in queues to customers over 75 years of age.

- **Regulatory easements for opening and managing current accounts**

During 2018, an amendment to the Proper Conduct of Banking Business Directive, "Opening and Managing a Current Account" was published. The Directive aimed at facilitating, as far as possible, the opening and management process of current accounts for the entire public, including (currently or formerly) insolvent customers, so as to allow them to manage their accounts digitally.

- **Transferring from one bank to another at the "push of a button"**

The Banking Supervision Department, along with the Ministry of Finance, is currently promoting the "Transition at the Push of a Button" project, under which banks are working to establish an online banking account transitioning system. The transitioning should be completed within 7 business days, at no cost to the customer. This is a unique and complex project, and its completion in 2021 is expected to improve customers' engagement terms and conditions, due to improved competitiveness and strengthening of the customer's bargaining power.

- **Consumer protection measures in the Payment Services Law**

Following the introduction of advanced technologies into the payment market - and in order to boost the public's confidence in the new players and in advanced payment methods - legislation was required to put in place, among other things, consumer protections for customers whose means of payment are misused (such as in payment applications, digital means of payment, etc.), similar to protections currently in place when paying by debit card.

For additional regulatory measures in the field of banking customer protection, please see more information in Appendix B.

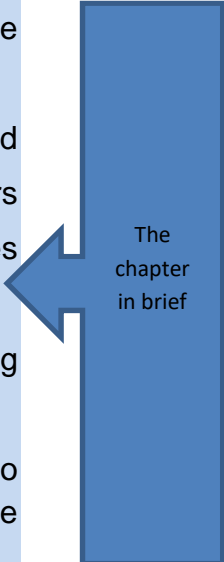
Chapter B - Assessment of the Handling of Complaints by the Banking Corporations

All customers can have their complaint handled by their bank or credit card company's ombudsman, and any customer has the right to appeal against the ombudsman's response before the Banking Supervision Department.

In 2018, the ombudsmen of the banks and credit card companies directly handled approximately 32,000 complaints, following which they refunded their customers about NIS 8.5 million. Approximately 20% of enquirers received remedies following their enquiry with the ombudsman.

Below are three key metrics for quality of handling complaints by the banking system, in respect of the five major banks:

1. The ratio between the number of justified complaints and enquiries pertaining to the bank, which were handled by the Banking Supervision Department, and the bank's share in the banking system.
2. The percentage of cases in which the bank acted in favor of the enquirer although the complaint was not found to be justified.
3. Banks ombudsman's response times to public's complaints.



The chapter in brief

Banks are required to report to the Banking Supervision Department about complaints that were handled directly by their ombudsmen. Set forth below are aggregate data from reports submitted to the Banking Supervision Department² in 2018, and from data compiled by the Banking Supervision Department as part of its handling of public complaints.

The analysis indicates data and trends in the banking system as a whole, as well as a comparative picture of the activity of the five large banking groups through a number of indices. Additional information on all banks and credit card companies appears in Appendix A to this review.

Data about handling of complaints submitted to banks and credit cards companies

In the reporting year, ombudsmen in the entire banking system responded to approximately 32,000 written customer enquiries and complaints, of which 26,000 were complaints. The figures indicate a 19 percent increase in handling of public complaints by the ombudsmen compared to 2017. The Banking Supervision Department strives to ensure that each and

every customer in the banking system will first and foremost be able to have his complaint handled by the ombudsman in a professional and fair manner.

Reports indicate that approximately 20 percent of the enquirers received remedies³ as a result of submitting a complaint directly to a bank or credit card company. As part of the ombudsmen's handling of their customers' complaints, the banks and credit card companies refunded NIS 8.5 million to their customers, of which approximately NIS 5.4 million was refunded as a result of handling complaints and approximately NIS 3.15 million - as a result of handling various requests.

First metric - The ratio between the bank's share of justified complaints and its share of the banking system

A low rate of complaints and enquiries submitted to the Banking Supervision Department about the bank's conduct in relation to the bank's share in the banking system indicates that customers are satisfied with the banking services, the quality of service and the resolution of issues by the bank, without requiring the Bank of Israel's intervention.

Each bank's share of the banking system is calculated by total assets minus commercial credit on a bank-by-bank basis, and is taken from the monthly balance sheets for December

Bank name	Number of complaints and requests about the bank closed in the Public Enquiries Unit	Number of complaints and requests forwarded to the bank in the course of proceedings	The bank's share of complaints and requests handled by the Banking Supervision Department	The bank's share of the banking system	The ratio between the bank's share of handled complaints and requests and its share of the banking system
Bank Mizrahi Tefahot Ltd.	499	278	9.2%	17.5%	0.52
First International Bank of Israel Ltd.	328	172	6%	7.1%	0.85
Bank Leumi Le-Israel B.M.	1,196	779	22%	25.9%	0.85
Bank Hapoalim Ltd.	1,420	863	26.1%	25.2%	1.04
Israel Discount Bank Ltd.	613	360	11.3%	9.1%	1.23
Total - Five largest banks	4,056	2,452			

(A low ratio reflects customer satisfaction with the bank's handling)

In this index, Bank Mizrahi Tefahot was ranked first, such that its share of the complaints and requests handled by the Public Enquiries Unit in the Banking Supervision Department

was the smallest relative to its share of the banking system. Israel Discount Bank is ranked fifth among the five largest banks in this metric.

Second metric - Cases where the bank acted in the customer's favor although the complaint was not classified as justified

The Banking Supervision Department attributes great importance to resolving disputes directly with the customers, and views this as meeting the high benchmark of fairness, as expected from a banking corporation in the management of its business. The data in Table 5 show that about 22 percent of enquiries that were not ruled to be justified and were referred to the five large banking groups in 2018 were resolved due to the banks' willingness to complete their handling by acceding to the customers' requests to their satisfaction.

Bank name	No. of complaints submitted to the bank which were not classified as justified and which the Banking Supervision Department contacted the bank regarding them	Of which: No. of cases in which the bank acted in favor of the enquirer	Total refund given ex gratia ^{3a}	Percentage of unjustified complaints to total complaints not classified as justified
Bank Leumi Le-Israel B.M.	228	70	136,370	31%
Bank Mizrahi Tefahot Ltd.	122	33	98,479 ⁴	27%
Bank Hapoalim Ltd.	271	49	489,419	18%
Israel Discount Bank Ltd.	147	23	35,711	16%
First International Bank of Israel Ltd.	75	10	39,389	13%
Total	843	185	799,368	

(A high rate reflects the Bank's willingness to work for the benefit of customers)

Bank Leumi is ranked first in the category of the rate of cases in which bank acted in favor of the enquirer although the complaint was not found to be justified, and the First International Bank was ranked fifth among the large banks.

Third metric - Response times for handling complaints by the banking corporations

Section 9(d) of Proper Conduct of Banking Business Directive 308A on the handling of public complaints sets out the maximum duration for the banking corporation to provide a final written response to any complaint, which shall not exceed 45 days from the date the complaint was received. In addition, the Directive sets out that under exceptional circumstances, the authority exists to extend the date by an additional 15 days.

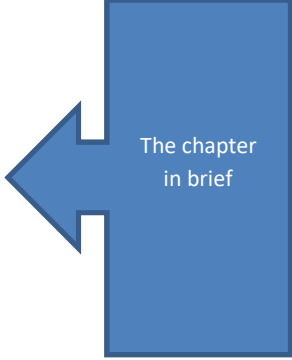
Bank name	% of complaints answered in 30 days	% of complaints answered between 30 and 45 days	% of complaints answered in more than 45 days
Bank Mizrahi Tefahot Ltd.	97.9%	2.1%	0.0%
Bank Leumi Le-Israel B.M.	97.7%	2.2%	0.1%
Israel Discount Bank Ltd.	94.0%	5.8%	0.2%
First International Bank of Israel Ltd.	91.6%	8.3%	0.1%
Bank Hapoalim Ltd.	65.9%	20.6%	13.5%

(Lower response times reflect a higher level of service by the ombudsman)

Bank Mizrahi Tefahot and Bank Leumi are ranked first in the metric measuring response times for handling written complaints received by the ombudsmen of the five largest banks. During the first half of 2018, Bank Hapoalim exceeded response times set in the directive, and this deficiency was rectified in the second half of 2018 after the Banking Supervision Department demanded that the handling of complaints be improved; this triggered a significant increase in resources dedicated by the bank to its ombudsman.

Chapter C - Financial Sanctions Imposed as part of Enforcement Actions

In addition, in 2018 and the first half of 2019, the Banking Supervision Department imposed six financial sanctions on banks and credit card companies for various consumer issues for a total of NIS 4.7 million. These sanctions were imposed following non-publication of a warning when publishing consumer credit, failure to credit customers in respect of failed transactions in automatic machines, and breach of the Banking Supervision Department's position on checks delivered by mail.



The chapter
in brief

A series of laws confer upon the head of the Banking Supervision Department the power to impose financial sanctions on supervised entities due to acts or failures that constitute a breach of any of the directives or of the said laws, or in respect of failure to rectify deficiencies in accordance with the directives of the Banking Supervision Department when handling the public's enquiries. A financial sanction is, in effect, an administrative enforcement tool executed by levying a civil fine on the breaching banking corporation. The effectiveness of financial sanctions and the swiftness by which they can be levied serve as a deterrent and as a means to increase compliance with consumer-related directives by the entire banking system.

Handling customers' complaints may lead to the detection of significant deficiencies and compliance violations by banks or credit card companies, and these may trigger enforcement inspections that will be carried out throughout the banking system as and when needed. In certain cases, where the consumer-related breach is significant, it will be decided to impose a financial sanction at the end of the inspection. A financial sanction is imposed after a formal hearing is held for the bank or the credit card company. The decision to impose a sanction, which includes the reasons for the decision, and the bank or the credit company's response are published on the Bank of Israel's website.

The process of identifying and rectifying consumer-related breaches

1. Information is received by the Public Enquiries Unit

- Public enquiries
- Publications in the media
- Various reports
- Etc.

2. Information is checked and consumer-related deficiencies are identified

The information and claims are checked with the relevant factors at the bank or credit card company, with the Banking Supervision Department requesting a response and using its authority to obtain data, information and various documents.

3. Demand to refund customers

In relevant cases, the Banking Supervision Department orders a refund to be given to a certain group of customers which was found to be unlawfully charged, with added interest and linkage differences.

4. Demand for rectification of a cross-system deficiency

In relevant cases, the Banking Supervision Department requires to draw conclusion from the identified deficiency by: Amending work procedures, improving the bank's systems, or changing presentation of information in the bank's documents, advertising, website, etc.

5. Imposing financial sanctions

In certain cases, the Banking Supervision Department makes use of its authority to impose a financial sanction when the deficiency that is identified constitutes a significant violation of a directive or law under which a financial sanction may be imposed.

6. Monitoring rectification of deficiencies

Monitoring is exercised in order to ensure that the deficiency is corrected and similar incidents avoided, while studying the case and drawing conclusions therefrom.

Financial sanctions imposed on the banking system

Entity on which the sanction was imposed	Publication date	Sanction amount in NIS	Subject of the sanction
Leumi Card ⁵	December 23, 2018	1,350,000	Credit Marketing - non-compliance with warning requirement in advertising
Discount Bank	December 23, 2018	750,000	Credit Marketing - non-compliance with warning requirement in advertising
Isracard	February 14, 2019	675,000	Credit Marketing - non-compliance with warning requirement in advertising
Bank Hapoalim	April 3, 2019	385,000	Failure to rectify a deficiency regarding mailing checks
Bank Hapoalim	May 16, 2019	1,575,000	Two financial sanctions in respect of failure to credit customers in cases of unsuccessful cash withdrawals from the bank's ATMs.
Total		4,735,000	

Sanctions in respect of violation of duty to issue a warning when marketing consumer credit

The Banking Supervision Department attaches great significance to fair marketing of consumer credit and works to prevent aggressive marketing of credit to customers. While the intensification of competition in the field of consumer credit and the increase in the availability of such credit may be advantageous to households, proactive marketing of credit also poses a risk to households, particularly to low-income households, that may be tempted to undertake credit that they cannot afford to repay; therefore, the Banking Supervision Department plays an important role in this field.

On June 1 2017, the Banking (Service to the Customer) Law was amended such that as from that date banks and credit card companies are required to enclose in advertisements and other marketing channels of loans a warning whereby non-repayment of the loan might lead to arrears interest and execution proceedings. The law's aim is to enhance awareness among customers about the need to consider their ability to repay the loan, and about the financial implications of failure to do so.

Following a complaint submitted by a member of the public to the effect that a banking corporation markets credit without attaching the warning required by law, the Public Enquiries Unit carried out an enforcement inspection in all banks and credit card companies in order to assess whether they comply with the law.

Discount Bank

In this inspection, it was found that a Discount Bank advertisement on YouTube, that encourages customers to take loans, did not include a warning as required. Since the bank failed to comply with the provisions of the law, the Banking Supervision Department decided to impose a NIS 750,000 sanction on the bank.

Leumi Card

In this inspection, it was found that marketing videos, in which Leumi Card (or Max as it is now called) encourages customers to take loans, did not include the required warning; it was therefore found that Max is in breach of the law. Following the said breach, a NIS 1,350,000 sanction was imposed on the company. The said amount was set after deducting 10% of the original sanction⁶ amount due to the fact that no financial sanctions were imposed on the company in the last five years.

Isracard

A NIS 675,000 financial sanction was imposed on Isracard in connection with its “Minus Becomes Plus+” advertisement that was displayed on the company’s website, which could have been accessed by means of mobile devices, without displaying a warning as required. The maximum sanction amount that can be imposed in respect of this breach is NIS 750,000. However, considering the fact that no financial sanctions were imposed on the company over the last five years, it was decided to reduce the amount by 10 percent.⁷

The said breach occurred as part of an extensive campaign of the Company entitled “Minus Becomes Plus+”, which included advertisements on TV, radio, billboards and the internet. The campaign encouraged borrowers who have overdrafts to consume beyond their financial capabilities, and delivered a message that disregarded the judgment a consumer should exercise when taking a loan—a message that contradicts both prudent and responsible consumption and the principles of financial education that the Banking Supervision Department wishes to promote.

Further sanctions

Bank Hapoalim – financial sanctions due to a malfunction in the bank’s ATMs

In 2018, media outlets published information about a country-wide malfunction in the bank’s ATMs; following these publications, the Banking Supervision Department launched an inquiry of this incident. The inquiry showed that most cash withdrawals carried out using ATMs were normal, and that in most cases where a withdrawal was unsuccessful, the bank’s systems credited the customer automatically. Nevertheless, it was found that in cases where there was a malfunction, the bank did not inform the customers of the malfunction, did not make attempts to identify customers who were not credited automatically, and did not ensure that such customers are fully refunded all funds and fees charged in respect of the service it failed to provide⁸. Therefore, the bank was required to repay customers such identified funds, totaling NIS 5 million (for further details, see page 29).

Following the said consumer-related breaches, the Banking Supervision Department imposed on Bank Hapoalim two financial sanctions totaling NIS 1,575,000.⁹

Bank Hapoalim – financial sanction in respect of failure to rectify a deficiency in its postal checkbook delivery service

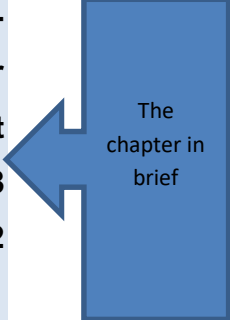
As part of handling an enquiry filed to the Banking Supervision Department by a member of the public, it transpired that the bank places all liability to any potential damages that might be caused as a result of using its postal checkbook delivery service on the customer. The customers were liable to all damages even in circumstances that were not under their control, such as theft or loss of the checkbooks before they reached their destination.

In view of the above, the Banking Supervision Department required the bank to immediately amend its procedures and all relevant documents presented to customers when receiving the service, and to clarify in those procedures and documents that the bank will bear all damages caused to customers, including the representation of customers in legal and other proceedings initiated in cases where checkbooks ended up with third parties.

An inspection carried out by the Banking Supervision Department several months later showed that through that date the documents were not amended as required, and that those documents still place on the customer all liability to all results and damages. In view of the above, the Banking Supervision Department decided to impose a NIS 385,000 sanction on Bank Hapoalim due to failure to rectify a deficiency in accordance with the Banking Supervision Department’s directives.

Chapter D - Correcting System-Wide Deficiencies and Monetary Refunds to Customers

The Banking Supervision Department works to identify and rectify system-wide deficiencies, including the refund of funds to relevant customer groups. This is an enforcement tool leading to effective and swift improvement of the banking system and protection of customers. In 2018 and the first half of 2019, the public will be refunded more than NIS 5.2 million as a result of this activity.



The chapter in brief

There are cases where the investigation of a specific customer complaint may indicate a system-wide deficiency in the relevant corporation. In cases where a significant deficiency is identified in terms of the seriousness or scope of the breach, the Public Enquiries Unit does not settle for handling the specific complaint; rather, it works to rectify the system-wide deficiency for the benefit of all relevant customers – whether by demanding that funds are repaid to a group of customers, or by instructing the bank or credit card company to change their conduct. The Unit views this type of activities as a principal means for improving the fairness in the banking system and protecting consumers.

A system-wide deficiency may be identified where there are recurring complaints relating to a single topic, or alternatively, where a single complaint indicates a potential failure in the bank or credit card's conduct in its dealings with a group of customers. One example of that is a deficiency in the bank's systems, procedures or a uniform contract it uses to contract with its customers.

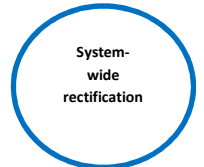
On that matter, the High Court of Justice notes in relation to the Arbel 07/5048 petition that “the mechanism for investigating the public’s complaints as set in Section 16 of the Banking (Service to the Customer) Law, 5741-1981, is an investigation channel of the Banking Supervision Department, that does not replace legal proceedings nor comes in their stead. Its main purpose is to assess the overall functioning of the banking system and the banking corporations’ conduct, and to order the methods to be employed in rectifying them. System-wide controls over banks’ conduct may be carried out by way of applying systematic audit that is initiated by the Banking Supervision Department, or by investigating the public’s enquiries and complaints in connection with specific events that allegedly expose a system-wide deficiency”.

System-wide means of protecting banks' customers

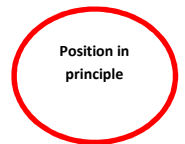
Where the handling of a specific enquiry or information received from the Banking Supervision Department raises concerns that the banks and credit card companies collect funds in breach of the law, a comprehensive investigation is carried out to define the relevant group of customers eligible for a monetary refund, where such refund is found to be justified, and the Banking Supervision Department orders the manner by which such funds will be repaid to customers and the period of time within which they will be repaid.



Rectifying identified deficiencies by means of a Banking Supervision Department demand to revise work procedures, improve bank systems, add controls, improve work processes and change information displayed in bank's documents, publications, website, and more.



When it transpires that the position of a bank or a credit cards company is inconsistent with the interpretation of the provisions of the law, consumer laws or Proper Conduct of Banking Business Directives, the bank or the credit card company is issued with the Banking Supervision Department's position in principle for implementation.

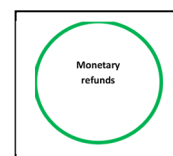


System-wide monetary refunds executed as a result of enforcement measures taken by the Banking Supervision Department

Banking corporation	Customer group	Overall refund amount	The reason for system-wide refund
Bank Hapoalim	Customers who made an unsuccessful attempt to withdraw or deposit cash in ATMs.	Approximately NIS 5 million	The bank did not credit customers in respect of unsuccessful withdrawals from its ATMs.
Union Bank of Israel Ltd	Owners of small businesses from whom the bank charged a \$30 fee instead of an \$18 fee in respect of transfer abroad of up to \$200 in foreign currency.	Approximately NIS 95,000	Collection of fees at amounts that are inconsistent with those set in the rules pertaining to fees.
Isracard	Customers charged for arrears interest at a rate which is higher than the rate set in the loan agreement.	Approximately NIS 78,000	Collection of arrears interest contrary to agreements with existing customers.
Bank Hapoalim	Bank's customers, who are victims of Nazi persecution and eligible to an allowance payable by a Dutch fund.	Approximately NIS 64,000	The bank charged a fee that is inconsistent with that set in the rules pertaining to fees.
The First International Bank of Israel Ltd.	200 bank customers, who are victims of Nazi persecution and eligible to a Holocaust survivor allowance payable by the Polish national insurance authorities.	Approximately NIS 27,000	The bank charged a fee that is inconsistent with that set in the rules pertaining to fees.
Total		5,264,000	

Examples¹⁰ of specific enquiries, through the investigation of which system-wide deficiencies were detected, which were amended in 2018 and the first half of 2019

Bank Hapoalim - the bank did not credit customers in respect of unsuccessful withdrawals from its ATMs.



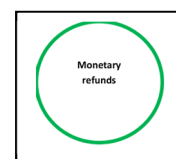
An inquiry held following publications in media outlets showed that most of cash withdrawals carried out using ATMs were normal, and that in most cases where a withdrawal was unsuccessful, the bank's systems credited the customer automatically. Nevertheless, it was found that in cases where there was a malfunction, the bank did not inform the customers of the malfunction, did not make attempts to identify customers who were not credited automatically, and

did not ensure that such customers are fully refunded all funds and fees charged in respect of the service it failed to provide.¹¹

The Banking Supervision Department instructed Bank Hapoalim to identify all customers, who were not issued with funds upon withdrawal thereof during the last seven years. Following the event, the customers were refunded NIS 4.9 million. The bank concluded the handling by refunding the amounts and fees collected from its customers, and from other banks' customers, whom it managed to identify. As a result, the customers were refunded NIS 3.2 million. Another amount, totaling NIS 1.7 million, will be refunded to the bank's customers in a manner that is yet to be determined. The bank took various steps in order to minimize, to the extent possible, the malfunctions in its ATMs and the damage that may be caused to customers as a result of such malfunctions, and the Banking Supervision Department was under the impression that the malfunction was rectified. The bank also took steps to increase response to customers in a case of malfunction, including extending the working hours of the dedicated call center.

Union Bank – unlawful collection of fees from small businesses

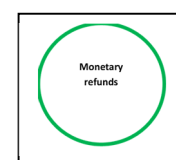
Following the investigation of an enquiry submitted to the Banking Supervision Department, it transpired that owners of small businesses and households were charged more in fees than large businesses in respect of transfer abroad of up to \$200 in foreign currency.¹²



Since Section 2(b) of the Fees Rules stipulates that a fee included in the households and small businesses' fee schedule shall not exceed a fee charged for the same service in the large businesses' fee schedule, the bank was required to refund the excess amounts in fees collected from the specific customer who made the enquiry, and from all other such customers. As a result, the customers were refunded NIS 95,000.

Isracard - collection of arrears interest contrary to agreements with existing customers

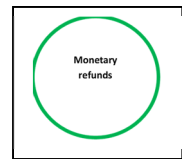
From information received by the Banking Supervision Department it transpired that the company decided to change the arrears interest formula in loan agreements recently signed with existing customers. According to the company, it was required to change the arrears interest formula, since the company's agreements were revised to comply with Proper Conduct of Banking Business Directive no. 450 of the Banking



Supervision Department¹³; the company further claimed that the change benefits the customers since it provides them with certainty as to the rate of arrears interest. The Banking Supervision Department clarified to the company that the said directive does not apply to customers' credit granting agreements entered into before the said directive came into force; it therefore rejected the company's position whereby the change benefits customers.

In view of the above, the Banking Supervision Department ordered the company to go back on its decision to change the arrears interest formula, and repay excess amounts collected from customers. As a result, the customers were refunded NIS 78,000.

Collection of fees in respect transfer of allowances paid to victims of Nazi persecution



Pursuant to the Fees Rules, Holocaust survivors are eligible for an exemption from fees payable for transfer of foreign currency into their account, in respect of allowances or pensions they receive as victims of Nazi persecution. Two complaints were received in the reviewed year regarding unlawful collection of such a fee:

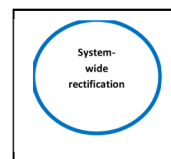
The First International Bank – in the second half of 2015, Polish national insurance authorities started paying allowances to Israeli residents, who are Holocaust survivors and meet the required criteria. The Ministry for Social Equality sent an update on this matter to all banks.

A customer complained that he was charged a fee when an allowance was deposited with his account. His complaint was found to be justified. The bank, which claims it has not yet completed the automation of the exemption from fees for this allowance, was requested to review all relevant accounts, and check whether other customers were unlawfully charged with such a fee. As a consequence of such a check, in June 2019 the First International Bank Group refunded NIS 27,000 to 200 customers.

Bank Hapoalim – a customer complained that she was charged a fee when an allowance from a Dutch fund was deposited with her account. Her complaint was found to be justified; the bank identified that the fault was due to the Dutch fund's changing the transfer details. Since the transfer details were changed, the bank's systems did not identify the transfer of funds as an allowance payment, and therefore a fee was charged to the customer's account. After the investigation of the specific complaint was completed, the Bank was asked to carry

out a bank-wide review, as a result of which a total of NIS 64,000 was repaid to 180 customers in May 2019.

Cal (Cartisey Ashrai L'Yisrael—Israel Credit Cards) – failure to provide a digital cancellation service



@ Consumer tip to prevent digital scams

A bank will not send its customers an email or text message requesting their full credit card number or online banking user name and password for identification purposes. Therefore, in cases where someone claiming to be one's bank asks for such details from a customer, it is recommended that one makes contact with the bank in order to verify that it was, indeed, the bank which sent the request, and not an imposter.

For more details, view the video posted by the Banking Supervision Department on: "Protection against Cyber Fraud in the Digital Banking Era".

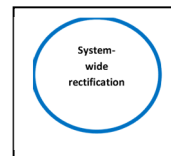
<https://www.youtube.com/watch?v=FvBQ2ReSJfE&feature=youtu.be>

From information received by the Banking Supervision Department it transpired that customers are unable to cancel a personalized credit card using the same straightforward and simple means they used to order such a card or change the design of an existing card. A customer who wishes to issue a personalized card or change the design of an existing card can do so by accessing a dedicated website. However, a customer who has a personalized card and wishes to issue a new non-personalized card, is required to contact the company.

The Banking Supervision Department views digital banking as a means to increase competition and improve customer services. Furthermore, the issuance of a personalized card involves the payment of an additional fee; therefore, our position was that failure to provide the customer with a simple online option to terminate the service makes it difficult and unfair for the customer. This position is reinforced by the fact that the company makes it possible to join the service online, but the cancellation of the service is the only option available to the customer to stop the collection of the fee.

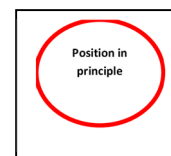
The online availability of banking services, regardless of whether they can potentially generate profit to a company or not, is a basic rule that reflects a fair relationship between a banking corporation and its customers. It was therefore clarified to the company that it must give its customers the option to terminate the service on the same online platform through which they can join it, without making it difficult for the customer to do so, or making a conversation with a customer service representative a precondition for such cancellation. This will be rectified in the company's website no later than October 2019.

First International Bank – handling a phishing fraud in a current account



The Banking Supervision Department received several complaints from customers, claiming that funds were transferred from their account without their consent. An investigation of the complaints concluded that customers replied to an email that was supposedly sent by Pay Pal; in their reply, customers provided certain identification details, which allowed access into their account to someone who was not authorized to do so, and this person made the fund transfers. After the bank investigated those cases, it credited the amounts of such transfers to the accounts of customers who contacted us in connection with this matter. In addition, the Bank improved its controls in order to prevent the recurrence of similar cases.

Union Bank – infringement of the customer’s right to receive banking information



The Banking Supervision Department received a complaint from a customer of the bank, who is in legal proceedings for debt collection. The customer claimed that the bank refuses to give him bank documents about the account undergoing debt collection proceedings. From an investigation with the bank it transpired that it refuses to give the customer documents originally issued more than 7 years ago, even though these documents are available to it.

As a rule, a banking corporation is required to retain banking documents for a period of 7 years. Nevertheless, where documents pertaining to the conducting of the customer’s dealings with the bank were retained by the bank for a longer period, it must forward them to customers who wish to have them. The Protection of Privacy Law, 5741-1981, and the banking corporation’s fiduciary duty as promulgated in court rulings, establish the customer’s right to peruse information the bank has in connection therewith.

The Banking Supervision Department’s position, as forwarded to the bank, is that the information in question belongs, first and foremost, to the customer and the bank must give the documents it has to the customer even if more than seven years have elapsed since the date on which the events had occurred; and in any event, it was stipulated that the conducting of legal proceedings does not constitute a reason to infringe on the customer’s rights to peruse banking information pertaining thereto.

The Banking Supervision Department's Activities to Protect Specific Population Groups

In this chapter, we shall describe Banking Supervision Department's initiatives aimed at supporting and empowering specific population groups, as well as examples of Banking Supervision Department's handling of enquiries by members of those populations, focusing on the protection of their rights.

The chapter in brief

Initiatives and handling

One of the targets of the Banking Supervision Department is to increase financial awareness among various population groups, in order to reduce information gaps, improve economic welfare, enhance awareness of rights, and protect the banks' customers. Over the course of 2018, the Banking Supervision Department led various initiatives to support weaker population groups, including a project to support the adjustment of elderly people to digital banking, broadening the "Banking Availability Covenant" targeted at women who have suffered from domestic violence, and more.

The Banking Supervision Department attaches great importance to the provision of a swift and dedicated response to enquiries submitted by members of weaker populations and disabled customers. The Public Enquiries Unit's call center identifies those enquires during the first handling stage as enquiries that require special assistance, and they are forwarded to be handled appropriately by the Banking Supervision Department and the banking system. This handling is aimed at protecting enquirers' consumer rights and improving the accessibility of banking services to those customers.



Examples of enquiries and the handling thereof by the Banking Supervision Department

Failure to issue means of payment to a disabled customer due to his debts to the bank

A disabled customer sought the Banking Supervision Department's assistance with approving his application to the bank to issue him with a card that will enable him to withdraw cash from the bank's ATMs. According to the customer, the bank refused to issue him with such a card due to his debts to the bank, and he is therefore unable to withdraw his disability allowance funds from ATMs, and is forced to arrive to the bank by ambulance every month in order to withdraw the cash from a banker. The Banking Supervision Department clarified to the bank that in view of the customer's disability, it is unreasonable to deprive him the option of withdrawing his disability allowance from an ATM and force him to physically arrive to the bank. Therefore, the bank was ordered to issue the customer with a card, that will allow him to withdraw funds from the bank's ATMs.

Offending a customer by adding the text "under bankruptcy" next to the addressee's name in letters posted to him

From a complaint that was received by the Public Enquiries Unit it transpired that the text "under bankruptcy" was added next to the addressee's name in letters sent by the bank to those of its customers, who are undergoing a bankruptcy procedure, and that the text in question is visible in the window of the windowed envelope addressed thereto.

We informed the bank of our position, whereby displaying this text may offend customer, and requested the bank to immediately remove the text "under bankruptcy" from letters posted to customers.

Misuse of a debit card by an elderly lady's caregiver

The Banking Supervision Department received an enquiry from an elderly customer, who claimed that her caregiver made several cash withdrawals from ATMs at the total amount of NIS 55,000. The customer contacted the bank in connection with this issue; the bank claimed that the withdrawals were made after she had given the bank card and PIN to her caregiver, and therefore refused to refund the amounts withdrawn. Since in our opinion the customer has proven that she did not carry out the withdrawals nor was she aware of them, and since there was no supporting evidence to the bank's claim, whereby the customer has given the card and PIN to her caregiver, the bank was required to refund the full amount of damages caused to the customer due to the cash withdrawals—totaling NIS 55,000—in accordance with the provisions of the Payment Cards Law.

Supporting a customer who experienced domestic violence

The Banking Supervision Department received a complaint from a customer, who was staying in a shelter for women experiencing domestic abuse. According to the complaint, in addition to physical violence committed by her partner, she also experienced economic abuse. According to the complainant, the loans given to her personal account were taken at the request of her partner, and the funds were transferred from her account for his own exclusive use.

As part of the investigation, we found no indication that the bank knew that the funds were transferred to her partner, or that the credit applications were not submitted at the customer's initiative. Nevertheless, we found that some of the credit given to that account was given improperly and frequently, without a thorough review of the borrower's ability to repay the debt. In view of the circumstances of the case, and in order to make it easier for the customer to rebuild her life, the bank waived 80 percent of the debt, and the remaining balance was spread such that repayments are in line with the complainant's economic abilities under her current circumstances.

✂ Assisting the elderly in their transition to the digital world

In order to assist the elderly in adjusting to digital banking, provide them with personal and structured support in becoming acquainted with basic digital services, and allow them to continue making banking transactions independently, while being attentive to their needs and providing them with tools to deal with their concerns and improve the skills required to use the different services, the Banking Supervision Department initiated the "Digital Banking Empowerment" activities.

The activities were conducted in a uniform layout, comprising two parts: The first part included a generic lecture on "Digital Banking Empowerment" that was held across the country, and provided extensive information about digital banking, its advantages and how to use it. The second part included group or personal training sessions in banks' branches; those sessions focused on digital banking services offered by the bank, including practical hands-on training.

The following topics were dealt with during individual training sessions:

- Getting acquainted with the bank's website and learning to use it safely.
- Learning to use the bank's app.
- Digital monitoring of transaction in the account.
- Making bank transactions through automatic machines: depositing cash, depositing checks, and more.

In 2018, the activity was carried out in collaboration with the Ministry of Social Equality under the "Tuesdays for Elderly" programs, as part of which elderly citizens go to cinemas on Tuesdays in order to watch a film. Shortly before the screening starts, the lecture providing extensive information about digital banking is held.

In 2019, the activity was held in collaboration with the Association of Directors General of Municipalities and Regional Authorities in Israel. The lectures were given by representatives of the banking system. They were held as part of municipalities' and regional authorities' dedicated activities for their elderly residents.

In total, 120 lectures were held in 85 towns and settlements across the country, attended by 7,500 elderly residents. Personal training sessions were held in tens of bank branches across the country, attended by 3,500 elderly customers.

✂The “Banking Availability Covenant” targeted at women who have suffered from domestic violence

The Banking Availability Covenant is a voluntary covenant that was formulated and advanced by the Banking Supervision Department and the Association of Banks, together with the Ministry of Labor, Social Affairs and Social Services, the banking system, non-profit organizations that operate various shelters, and the “Yedid” and “Women’s Spirit” organizations to reduce economic violence against women who experienced domestic abuse staying in shelters and halfway houses.

The Covenant was launched in January 2016 with the aim of assisting those women that have been forced to escape their homes and abusive partners without any assistance or independent means, and who find it difficult to properly manage their finances, overcome the economic abuse they have experienced and open a new chapter in their lives.

Features of the economic abuse these women have experienced include: taking the woman’s money, controlling her by granting her a limited monthly cash allowance, creating a constant threatening atmosphere and a sense of “financial crisis”, transferring joint assets by the partner without the woman’s knowledge, preventing the woman from going out to work, etc.

As part of the Covenant, each bank and credit card company has an appointed contact person with appropriate training to provide a creative and swift response to problems that occur, regardless of the location of the shelters or the bank branches where the women’s accounts are managed.

Since the Covenant was launched, more than 750 women have received assistance in dealing with economic violence, tools for proper financial conduct, and support in beginning a new and independent financial path.

The expansion of the Covenant is currently being piloted so that it would also apply to people who suffer from domestic abuse and are supported by the community.

✦ “Worth Knowing” – a series of guides on banking consumer issues



In 2019, the Banking Supervision Department started publishing a series of guides on banking consumer issues, which will be called "Worth Knowing – Banking Consumer Advice", in order to assist the public in making informed decisions as part of the management of their bank accounts.

The series of guides, which is published on the Bank of Israel's websites, provides the public with tips and practical and relevant tools for financial conduct—everyday banking explained in a simple and structured manner.

So far, the Banking Supervision Department has published guides on the following issues: consumer credit, identifying bank accounts and deposits without movements, reducing the cost of managing a bank account and debit cards.

For more details, see the following link to the Bank of Israel's website (in Hebrew).

<https://www.boi.org.il/he/NewsAndPublications/Pages/09-07-2019.aspx>

Appendix A - Data on the Banking System¹⁴

1. Cases where the enquirers received some remedy although the complaint was not found to be justified, 2018

Name of the bank or credit card company	No. of complaints submitted to the bank which were not classified as justified and which the Banking Supervision Department contacted the bank regarding them	Of which: No. of cases in which the bank acted in favor of the enquirer	Total refund given ex gratia
Israel Discount Bank Ltd.	147	23	35,711
First International Bank of Israel Ltd.	75	10	39,389
Bank Hapoalim Ltd.	271	49	489,419
Bank Leumi Le-Israel B.M.	228	70	136,370
Bank Mizrahi Tefahot Ltd.	122	33	1,968,479 ¹⁵
Union Bank Ltd.	31	7	50
Bank Otsar Ha-Hayal Ltd.	47	12	17,359
Bank Yahav for State Employees Ltd.	46	8	6,288
Bank of Jerusalem Ltd.	30	3	0
Bank Massad Ltd.	4	2	0
Mercantile Discount Bank Ltd.	44	6	2,250
Diners Club Israel Ltd.	7	2	500
Isracard Ltd.	39	10	12,386
Israel Credit Cards Ltd.	28	5	3,106
Max It Finance Ltd. (formerly Leumi Card)	22	3	11,332
Total	1,141	243	2,722,639

2. Response times for handling complaints by the banks and credit card companies, 2018

Name of the bank or credit card company	% of complaints answered in 30 days	% of complaints answered between 30 and 45 days	% of complaints answered in more than 45 days
Israel Discount Bank Ltd.	94.0%	5.8%	0.2%
First International Bank of Israel Ltd.	91.6%	8.3%	0.1%
Bank Hapoalim Ltd.	65.9%	20.6%	13.5%
Bank Leumi Le-Israel B.M.	97.7%	2.2%	0.1%
Bank Mizrahi Tefahot Ltd.	97.9%	2.1%	0%
Union Bank Ltd.	99.2%	0.5%	0.3%
Bank Otsar Ha-Hayal Ltd.	91.5%	7.9%	0.6%
Bank Yahav for State Employees Ltd.	95.8%	3.5%	0.7%
Bank of Jerusalem Ltd.	56.2%	13.6%	30.2%
Bank Massad Ltd.	98.8%	1.2%	0%
Mercantile Discount Bank Ltd.	75.6%	22%	2.4%
Diners Club Israel Ltd.	16.9%	74.6%	8.5%
Isracard Ltd.	87.6%	12.4%	0%
Israel Credit Cards Ltd.	21.8%	70.3%	7.9%
Max It Finance Ltd. (formerly Leumi Card)	41.2%	53.7%	5%
Total	78.4%	16.6%	5%

Appendix B - Regulatory Measures to Protect Bank Customers

Set forth below are the principal provisions of directives published by the Banking Supervision Department, and of laws and regulations, in the legislation of which the Bank of Israel was involved during 2018 and the first half of 2019¹⁶, in the field of protecting bank customers.

The Banking Supervision Department promotes standards for protecting customers of the Israeli banking system. Regulatory activities are carried out both through Proper Conduct of Banking Business Directives published by the Banking Supervision Department, and by involvement in relevant legislation.

January 8th	<p>“Debt Collection Proceedings” – publication of an amendment to Proper Conduct of Banking Business Directive No. 450</p> <p>This directive is aimed at increasing the fairness and transparency of debt collection proceedings. The amendment of the directive was required since the Regulation of Non-Bank Loans Law (Amendment No. 5), 2017 (the Fair Credit Law), prescribed the maximum arrears interest rate applicable to a loan. The amendment came into force on the date on which the directive came into force (February 1, 2018).</p>
January 11th	<p>“Sending Messages via Means of Communication” – publication of amendment to Proper Conduct of Banking Business Directive No. 420</p> <p>The directive was amended in order to increase the efficiency of the sending of messages to customers, and to add information to alerts informing customers that they had five checks refused and that restrictions have been placed further to the Checks without Cover Law. Some of the provisions of the amendment came into force upon publication thereof, and the remaining provisions came into force on April 1, 2018.</p>
January 21 st	<p>“Payment Cards” - publication of amendment to Proper Conduct of Banking Business Directive No. 470</p> <p>The amendment of the directive was required as part of the exercise of the Banking Supervision Department’s power to promulgate directives by virtue of the Increasing Competition and Reducing Concentration in the Banking Sector in Israel Law (Legislative Amendments), 2017. In addition, the debit card issuance mechanism was revised in order to adjust the directive such that it is in line with the technological reality. Some of the provisions of the amendment came into force upon publication thereof, and the remaining provisions came into force three months later.</p>
March 22nd	<p>“Sending Messages via Means of Communication” – publication of amendment to Proper Conduct of Banking Business Directive No. 420</p> <p>As a complementary measure for the amendment of Directive 367 on the issue of emails, directive No. 420 was amended. From now on, there will no longer be a distinction between notices mandated by law and notices not mandated by law with regards to the level of security, including encryption that should be used when sending notices by email.</p>
March 22nd	<p>“Opening an Account to a New Immigrant” – publication of a letter on this issued</p> <p>In response to claims that new immigrants are allegedly required to present an Israeli ID card as a condition for opening a bank account, banks were reminded that in accordance with the Prohibition on Money Laundering (Banking Corporations’ Requirements regarding Identification, Reporting and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 2001, an Immigrant Certificate can also be considered an ID card for up to 30 days from its date of issuance.</p>

March 27th	<p>“Opening and Managing a Current Account with no Credit Facility” – publication of an amendment to Proper Conduct of Banking Business Directive No. 422</p> <p>This directive allows the opening and managing of a current account with no credit facility by all customers, including those who encountered financial difficulties in the past, or who currently experience such difficulties. The directive was amended in order to make it easier for such customers to manage their accounts, including through digital channels. The amendment came into force on October 1, 2018.</p>
July 2nd	<p>“Payment Cards” - publication of amendment to Proper Conduct of Banking Business Directive No. 470</p> <p>The directive was amended following the Increasing Competition and Reducing Concentration in the Banking Sector in Israel Law (Legislative Amendments), 2017, and the changes this law is expected to introduce in connection with credit card companies. The main amendments:</p> <ul style="list-style-type: none"> • The proceeds in respect of all transactions made with a payment card of an issuer that is a bank shall be transferred to the provider of the issuer-processing services on the date prescribed in the interchange settlement agreement, regardless of when the customer is debited, and who is acquirer to whom the provider of issuer-processing services transfers the proceeds. • A transition provision was promulgated whereby the Banking Supervision Department shall be given copies of new issuing-processing agreements entered into by an issuer that is a bank and a provider of issuer-processing services through January 31 2021. If the scope of activities of the issuer that is a bank is large, the agreement should be approved by the Banking Supervision Department.
July 8th	<p>“Granting Housing Loans to People with Disabilities” – publication of an amendment to the Equal Rights for Persons with Disabilities Law.</p> <p>The law prescribes that it will be forbidden for financial entities to refuse a housing loan applied for by a person with a life-shortening disability, subject to the circumstances and conditions set therein. The law aims to address cases where people with disabilities are unable to buy a flat, since insurers refuse to issue them with a life insurance policy, which financial entities demand as a collateral for a housing loan.</p> <p>The law came into force on September 1, 2019.</p>
July 10th	<p>“Simplification of Customer Agreements” – publication of the provisions of Proper Conduct of Banking Business Directive No. 449</p> <p>This provision aims to facilitate the customer’s ability to read and understand the credit agreement. The directive prescribes that the bank shall provide the customer with a condensed uniform presentation, on page 1 of the credit agreement, of the varying and material terms of that agreement.</p>
July 25 th	<p>“Providing Professional Human Response by Phone” – publication of an amendment to the Banking Law (Customer Service), 1981</p> <p>The law prescribes that banking corporations providing telephone services with an automatic call routing system will offer customer professional human response for several types of services (termination of engagement, handling a technical problems and account enquiries) within 6 minutes from the commencement of the phone call. As a complementary step, the Banking Supervision Department issued a directive containing adjustments for the banking system, under which it was also mandatory to give precedence in queues to customers over 75 years of age.</p> <p>The law came into force one year after its publication, on July 25, 2019.</p>
November 13th	<p>“E-Banking” – publication of an amendment to Proper Conduct of Banking Business Directive No. 367</p> <p>The amendment makes it possible to remotely add or remove an account holder or authorized signatory in an account, and therefore constitutes an additional stage in promoting digital channels and expanding the number of services that can be provided without physically arriving at the branch.</p>

	An account that was opened online was, until now, subject to restrictions regarding changing an account holder after it had been opened and regarding account activity of an authorized signatory. The amendment removes those restrictions, thereby taking an additional step towards a situation where the terms of an online account will be identical to the terms of an account opened at the branch.
November 20th	<p>“Payment Cards” - publication of an amendment to Proper Conduct of Banking Business Directive No. 470</p> <p>As part of the implementation of the Reducing Concentration and Promoting Economic Competition Law (the “Strum Law”), and in order to improve service and encourage competition, it has been established that customers’ statements for non-bank credit cards will be available on the banks’ websites. Will take effect on January 31, 2020.</p>
November 28th	<p>“Opening and Managing a Current Account with no Credit Facility” – publication of an amendment to Proper Conduct of Banking Business Directive No. 422</p> <p>Further to the amendment of the directive, published on March 27 2018, several additional clarifications were added to the directive. The said amendment came into force one year after its publication.</p>
November 28th	<p>“Transferring Activity and Closing a Customer’s Account” - publication of an amendment to Proper Conduct of Banking Business Directive No. 432</p> <p>The amendment is aimed to facilitate customers’ transferring of activity from an account or closing of an account. The amendment came into force one month after its publication.</p>
November 28th	<p>“Procedures for Extending Housing Loans” - publication of an amendment to Proper Conduct of Banking Business Directive No. 451</p> <p>The amendment aims to improve the processes pertaining to housing loans. The amendment improves the process of property appraisal; it stipulates that banking corporations should display online or via application updated information, that would allow customers to make an informed decision as to whether it is worthwhile to early repay the loan; the amendment also prescribes that after an early repayment, the banking corporation should give the customer a dedicated certificate addressed to the insurance company, in which the banking corporation agrees to reduce the insurance amount or cancel the pledge, as the case may be. The amendment came into force three months after its publication.</p>
December 23rd	<p>“Merchant Acquirers and Acquiring Payment Card Transactions” - publication of an amendment to Proper Conduct of Banking Business Directive No. 472</p> <p>The amendment aims to allow acquirers to refuse to provide settlement services or other services to a merchant, if the acquirers have well established concerns that the merchant’s activity defrauds, misleads or exploits customers. The amendment is intended to enable the tackling of the serious phenomenon of customers, especially elderly customers, falling victim to fraud, deception and exploitation by merchants. The amendment came into force within three months after its publication.</p>
December 27th	<p>“Deferral of Monthly Housing Loan Payments under Special Circumstances” - publication of an amendment to the Banking (Service to Customer) Law, 5741-1981</p> <p>The amendment prescribes that when customers take a loan, banks will be required to offer them a track enabling them deferral of payments in the event of unemployment, illness or maternity leave. The amendment came into force on July 27, 2019.</p>

Directives and legislation enacted since the beginning on 2019

January 7th	<p>“Deferral of Loan Payment Due to Death” - publication of an amendment to the Banking (Service to Customer) Law, 5741-1981</p> <p>The amendment prescribes that in the event of the death of a person who took a housing loan from a banking corporation, the relevant banking corporation shall defer the loan repayment dates by a period of up to one year, at the request of those liable to repayment thereof; the banking corporation shall not charge interest in respect of such deferral.</p> <p>The law came into force on July 7, 2019.</p>
January 9th	<p>“Payment Services Law” – publication of the Payment Services Law, 2019</p> <p>The law was enacted in response to the technological changes in the Israeli payments market. In order to ensure fairness and enhance the public’s confidence in innovative means of payments and in new players currently entering the Israeli market, and as a consequence increase the use of these means of payment, new legislation was required that will regulate this field and set a uniform standard as to the relationship between different service providers and their customers.</p> <p>The law is expected to come into force on January 9, 2020.</p>
March 11th	<p>“Simplification of Customer Agreements” - publication of an amendment to Proper Conduct of Banking Business Directive No. 449</p> <p>Directive No. 449 deals with the simplification of credit agreements. In view of the deferral of the coming into force of the abovementioned law amendment to August 25, 2019, the effective date of the directive was also postponed to that date.</p>
April 3rd	<p>“Service of Depositing a Post-Dated Check” – publication of Banking Ordinance (Customer Service) (Supervision over Service of Depositing a Post-Dated Check) (Temporary Order), 2019</p> <p>The Order sets the maximum depository fee for depositing a post-dated endorsed check - NIS 2 per check. This Order was issued following the Reducing the Use of Cash Law, which stipulates that a bank will not honor a check, which is subject to one or more of the restrictions listed in the law. This fee was reduced in order to encourage customers to deposit endorsed post-dated checks at reduced cost, before the restrictions set by the law come into force; this was due to the concern that an endorsed check, which was drafted prior to the entering into force of the restrictions set by the law, and which is subject to one or more of the restrictions listed in the law, will be deposited after the law comes into force, and will not be honored. The Order will be in effect from April 15 2019 to June 30 2019.</p>
May 1 st	<p>“Fees” – publication of the Banking (Service to Customer) (Fees) Rules (Amendment), 2019</p> <p>Following are the main points of the amendments:</p> <ul style="list-style-type: none"> • Banking corporations are required to scan the accounts of all customers, who are small businesses or licensed dealers, identify accounts for which switching to the basic or extended fee-service track is cost effective, and assign customers to the most cost-effective track, after informing them that they are being assigned to another track, and that they have the option to cancel such an assignment. • Information on the cost of cash withdrawals from ATMs will be displayed, according to ATM and card types, not only on the ATM’s main menu screen, but also by physically attaching a notice to the ATM’s frame. • The means through which customers could access fee lists were extended, such that in addition to the banking corporation’s branches and website homepages, customers can access fee lists through additional channels offered by the relevant banking corporation. • Modification of the methods through which banking corporations inform their customers that they were assigned to a fee-service track, or that such assignment was cancelled; such notifications will be issued through the communication channels offered by the banking corporation, according to the customer’s preference. • The service “banking guarantee secured by a specific financial deposit” was defined as a separate service, and the fee for this service will be lower than the fee charged in respect of a “bank guarantee”. <p>The rules came into effect gradually. To date, all amendments are in force.</p>

June 12th	<p>“Providing Professional Human Response by Phone” - publication of Proper Conduct of Banking Business Directive 426 on this issue</p> <p>The Directive aims to establish principles that will ensure the provision of professional and adequate call center services to banks' customers, bearing in mind the characteristics of the banking system's activity, in accordance with Amendment No. 29 to the Banking (Service to the Customer) Law, 5741-1981. In addition, the Directive stipulates that priority is given to elderly customers who ring the call center; the Directive also defines principles for monitoring of and control over response patterns of the bank's call center. The Directive came into force on the same date as the Law – July 25, 2019.</p>
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Notes

¹ Out of this amount, one customer's debt, in the amount of NIS 1.87 million, was waived.

² The data are based on banks and credit cards' reports for the year 2018, in accordance with the requirements of Reporting Directive 826.

³ Determining that the complaint was justified, compromise agreement, waiver of debt, payment of monetary remedy and compensation.

^{3a} compromise agreement, waiver of debt, fulfilment of a request

⁴ In addition: waiver of debt totaling NIS 1.87 million in one case.

⁵ At the time the sanction was imposed, the company's name was Leumi Card. It is currently called Max.

⁶ Pursuant to Banking (Customer Service) (Maximum Reduction of Financial Sanction Amount) Rules, 2011.

⁷ See note 6 above.

⁸ The inquiry found that in the case of the unsuccessful withdrawal transactions, the bank did not comply with the provisions of Proper Conduct of Banking Business Directive no. 433 (Erroneous Entry in a Customer's Account), and with the provisions of Section 9J of the Banking (Service to the Customer) Law, 5741-1981, which deals with collection of fees.

⁹ The said amount was set after deducting 10% of the maximum sanction amount that can be imposed in respect of those breaches in accordance with the reduction rules set by law. The decision to reduce the sanction amount as aforesaid was based on the Banking Supervision Department's impression that the bank has taken many effective measures to rectify the deficiencies and prevent the recurrence thereof.

¹⁰ 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 is handled in accordance with its specific facts and circumstances. In cases where the handling of the enquiry was expanded to a group of customers of the banking corporation, as opposed to handling of a specific customer's case, the name of the banking corporation is published.

¹¹ The inquiry found that in the case of the unsuccessful withdrawal transactions, the bank did not comply with the provisions of Proper Conduct of Banking Business Directive no. 433 (Erroneous Entry in a Customer's Account), and with the provisions of Section 9J of the Banking (Service to the Customer) Law, 5741-1981, which deals with collection of fees.

¹² **Large business** – a business whose turnover exceeds NIS 5 million. **Small business** – a business whose turnover does not exceed NIS 5 million.

¹³ A directive dealing with “Debt Collection Proceedings”, which regulates various issues pertaining to the banking system's customer debt collection proceedings; this directive includes the requirement that the bank discloses to the customer the formula for calculation of the arrears interest in a loan agreement.

¹⁴ The banking corporations appear according to the alphabetical order of the Hebrew names of the five largest banks, and then according to the alphabetical order of the Hebrew names of the remaining banking corporations.

¹⁵ Of which: a waiver of debt totaling NIS 1.87 million in one case.

¹⁶ The full and binding wording of the regulatory activities is published on the Bank of Israel's website.