



BANK OF ISRAEL

Office of the Spokesperson and Economic Information
Press Release

January 10, 2011

Banking Supervision Department: Since Onset of Reform, Charges for Common current account Services and Credit Cards Have Fallen Considerably

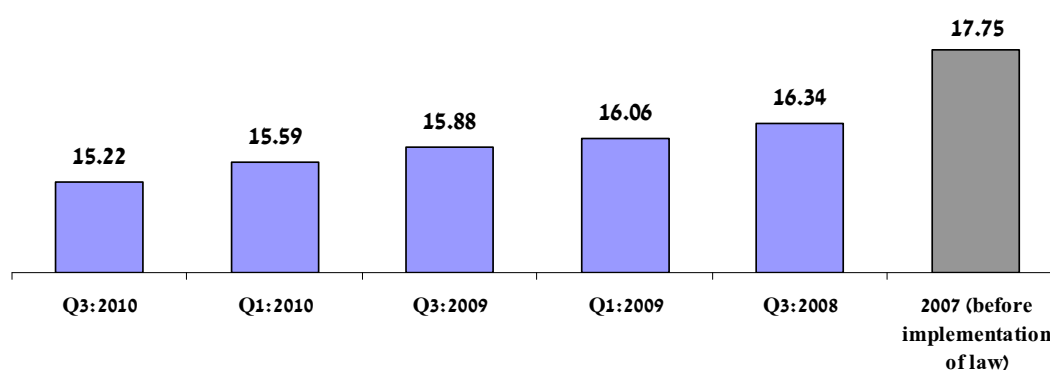
- **In the past two years, the average charge for common current account services has fallen by 13 percent on average in real terms and the cost of holding a credit card has fallen by more than 20 percent. All five large banks and the credit-card companies are included in the downward trend.**
- **There are large differences among banks and credit-card companies:**
 - **Bank Yahav is the least expensive bank for common demand-account services, by a wide margin. Among the five large banks, Bank Hapoalim and Bank Leumi are the least expensive in common demand-account services, and First International Bank is the most expensive.**
 - **In the average cost of holding a credit card (domestic, international, and “gold”), Isracard is the least expensive and ICC is the most expensive.**
- **The banks are competing more vigorously for household customers:**
 - **The banks are offering new and existing customers a full or partial exemption from charges in various promotional campaigns.**
 - **Customers who belong to special population groups such as soldiers, students, etc., are given exemptions or large discounts on common banking services.**
 - **Even customers who do not belong to population groups that are entitled to an exemption or discounts are receiving significant discounts.**
- **The Bank of Israel urges the public to check the terms that different banks offer and look into the possibility of obtaining discounts on charges. The Bank of Israel provides consumers with a calculator and comparison tables at <http://www.boi.gov.il/deptdata/pikuah/amalot/amalot.htm>.**
- **The Bank of Israel is acting to make it easier to change banks; recently it launched an information program on the topic. For a manual on how to change banks, useful advice, and answers to FAQs, visit the home page of the Bank of Israel Web site.**

1. On average, households are spending less on current-account services at the five large banks.

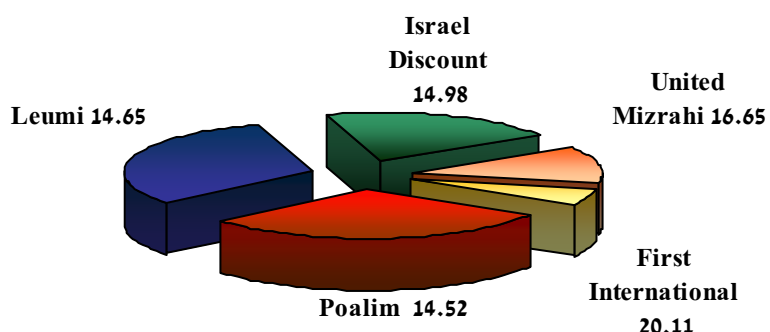
- Expenditure on the “basket” of common **current-account** services (including credit facility) fell by 13 percent in real terms (6.8 percent in nominal terms), from NIS 16.34 when the reform went into effect to NIS 15.22 in Q3:2010.
- Among the five large banks, the least expensive in regard to this package of services is Bank Hapoalim (NIS 14.52); the most expensive is First International (NIS 20.11). Bank Yahav is the least expensive bank in the whole banking system.

Development of Monthly Average Household Expenditure on Common Demand-Account Services (including Credit Facility), Five Large Banks, 2007–2010

Real average decrease since Q3:2008—13%



Distribution of Monthly Average Household Monthly Expenditure on Common Demand-Account Services (including Credit Facility), Five Large Banks, Q3:2010

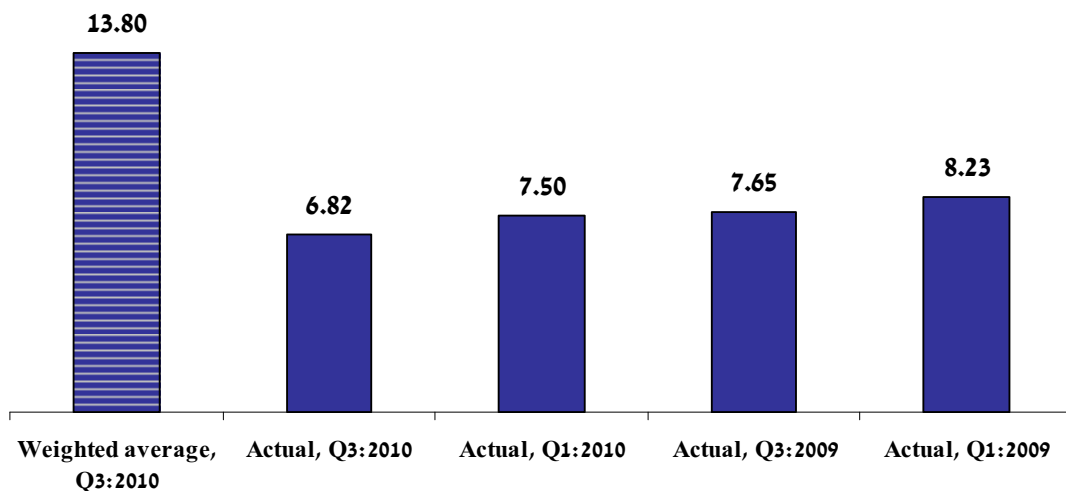


2. The average actual monthly expenditure for holding common credit cards (domestic, international, “gold”) has come down.

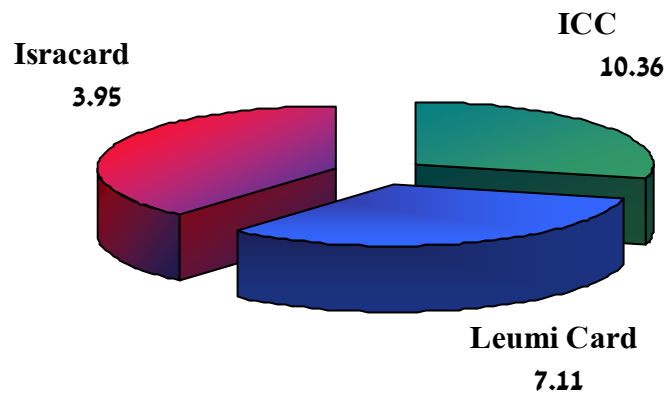
- The real average cost of holding a credit card has fallen by 21.4 percent (17.1 percent in nominal terms since January 2009).
- The average monthly expenditure for holding an Isracard card (39 percent of all credit cards of this type held by customers) is NIS 3.95; that of a Leumi Card (32 percent of cards of this type) is NIS 7.11, and that of an ICC card (29 percent of all cards held by customers) is NIS 10.36.
 - **Domestic cards:** The most expensive domestic card is an ICC card issued by Israel Discount Bank (NIS 13.13).
 - **International cards:** ICC cards issued by Israel Discount Bank and First International Bank are the most expensive (NIS 11.39 and NIS 11.25, respectively).
 - **“Gold” cards:** the most expensive gold card is an ICC card issued by First International Bank (NIS 13.7).
 - The least expensive cards of all types—**domestic, international, and “gold”**—are Isracards issued by Isracard and First International Bank.

(For details, see Appendix B.)

Development of Monthly Average Expenditure on Holding of Credit Card (Local, International, “Gold”) through Banking System, 2009–2010



**Distribution of Actual Average Expenditure
on Holding of Common Credit Cards, Q3:2010**



3. Customer awareness of charges has increased; so has competitive behavior by the banks.

The change is reflected in hefty customer discounts relative to the prices on the banks' rate sheets:

- The average discount awarded by the five large banks for teller transactions is 46 percent off the rate sheet; the average discount for electronic transactions is 25 percent (Appendix A).
- The average discount given to customers for holding a credit card is 51 percent off the rate sheet (Appendix B).
- For many population groups—soldiers, students, and pensioners, to name only a few—the banks are offering exemptions and major discounts on demand-account services (including credit facilities). The average weighted expenditure for members of these groups who keep their accounts with the five large banks is NIS 5.4.
- Even customers to do not belong to the groups eligible for exemptions and discounts received considerable discounts and benefits: 38 percent for teller transactions and 10 percent for electronic transactions, both in average terms (Appendix C). The average proportion of customers who belong to special population groups among all households who keep accounts with the five large banks is 26 percent.
- The increase in competition among the banks for new and existing household customers is also perceptible in sales promotions that offer full or partial exemptions from charges.

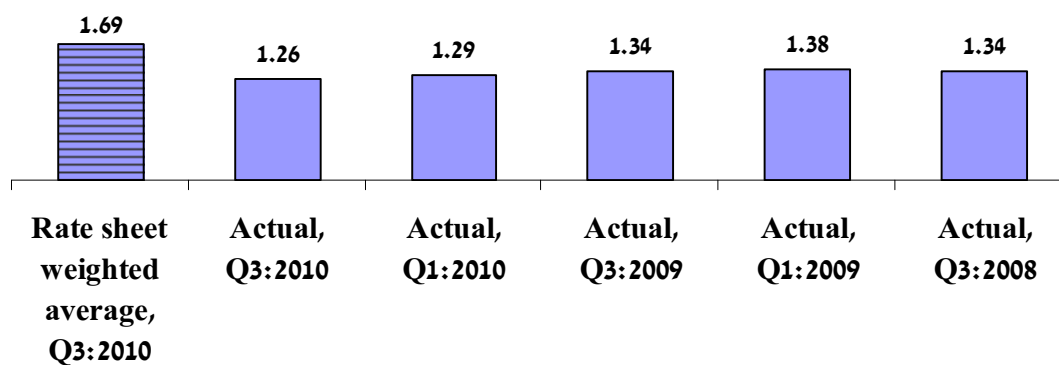
The Banking Supervision Department is continuing to monitor the implementation of the provisions of the law relating to charges and is continuing to apply its powers where necessary.

The Department urges the public to use the comparisons presented here, the calculator, and additional comparisons at the Bank of Israel Web site to negotiate with the banks in order to improve their account-management terms and make decisions about the bank with which they should keep their accounts.

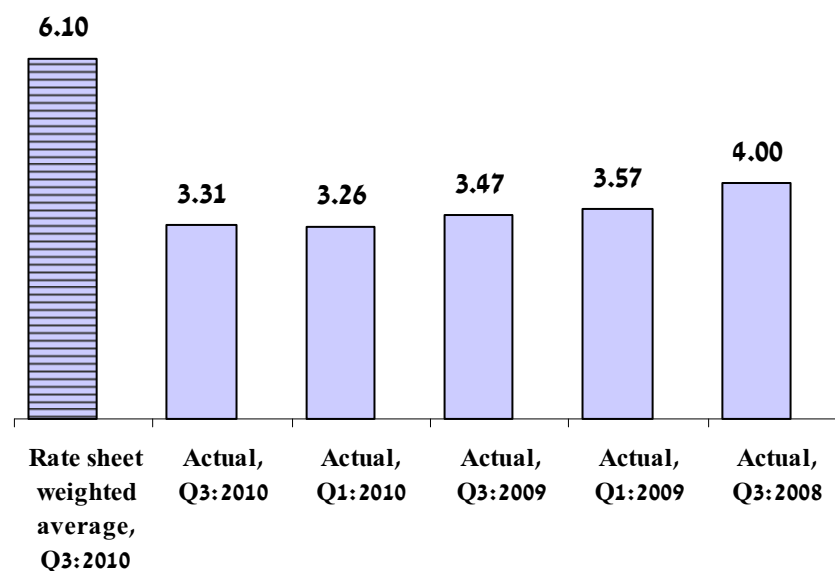
To encourage wise consumer behavior among the public of bank customers, the Banking Supervision Department conducted an information campaign for the public on how to change banks. For a detailed manual on the topic, useful advice, and answers to FAQs, visit the home page of the Bank of Israel site. Information may also be obtained by contacting the Public Enquiries Unit of the Banking Supervision Department at Tel. 02-6552680.

Appendix A

Charge per Electronic Transaction—Rate Sheet vs. Actual, Q3:2010

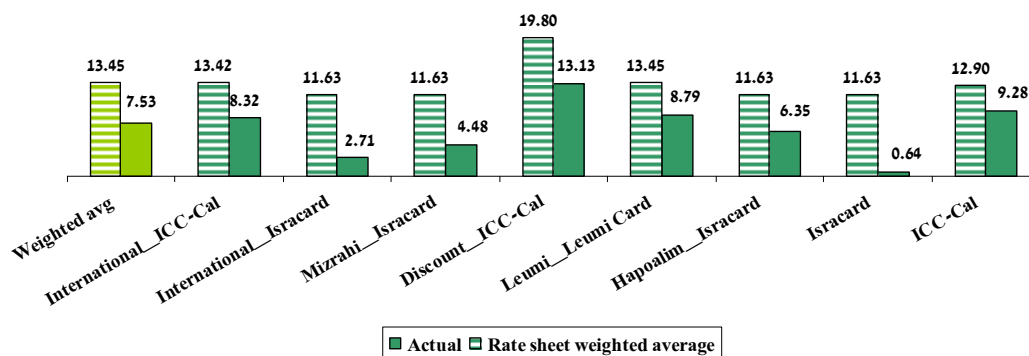


Charge per Teller Transaction—Rate Sheet vs. Actual, Q3:2010

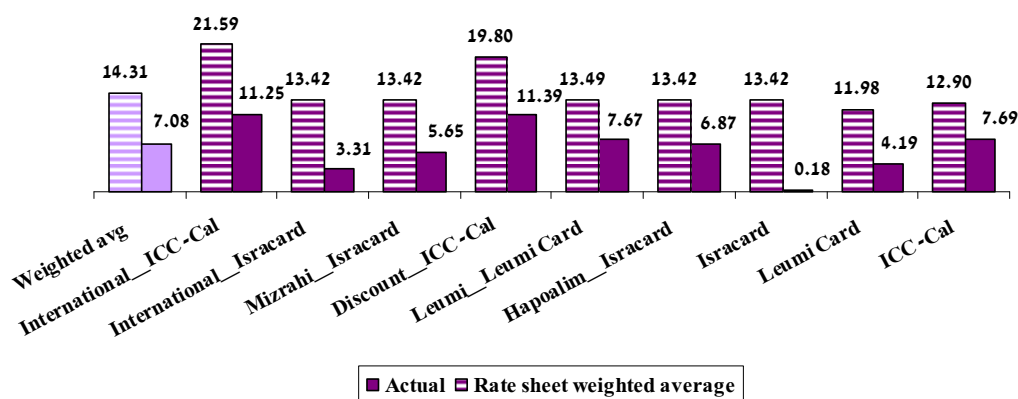


Appendix B

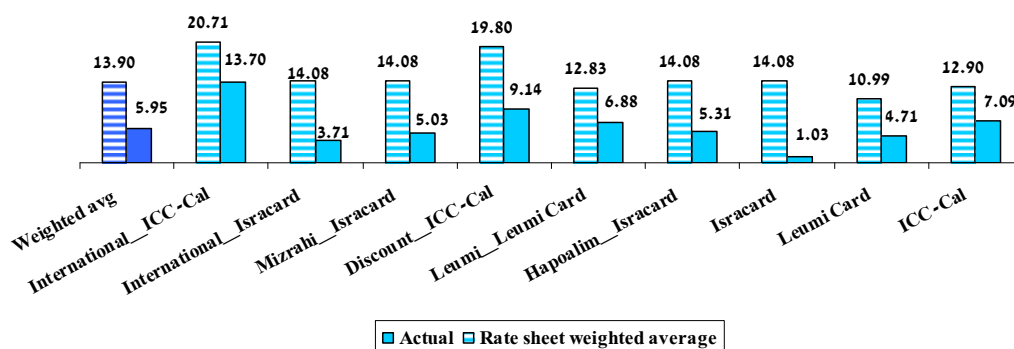
Average Monthly Expenditure on Domestic Credit Card, Q3:2010



Average Monthly Expenditure on International Credit Card, Q3:2010

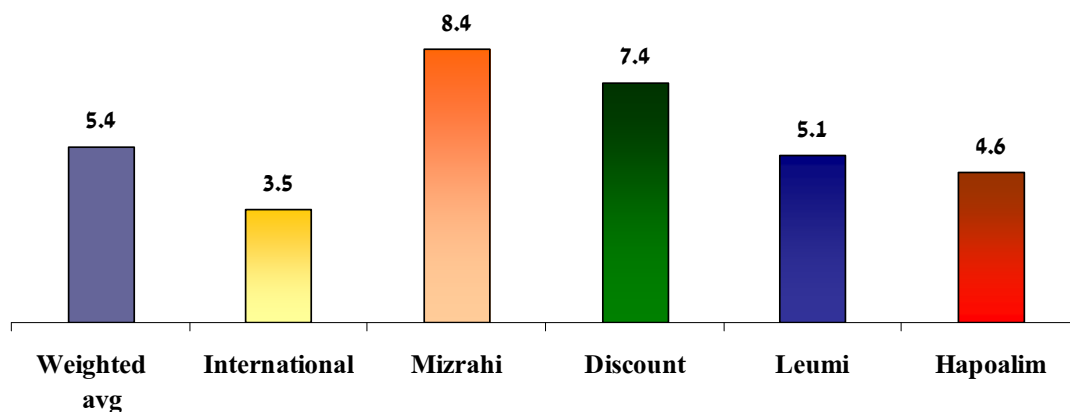


Average Monthly Expenditure on “Gold” Credit Card, Q3:2010

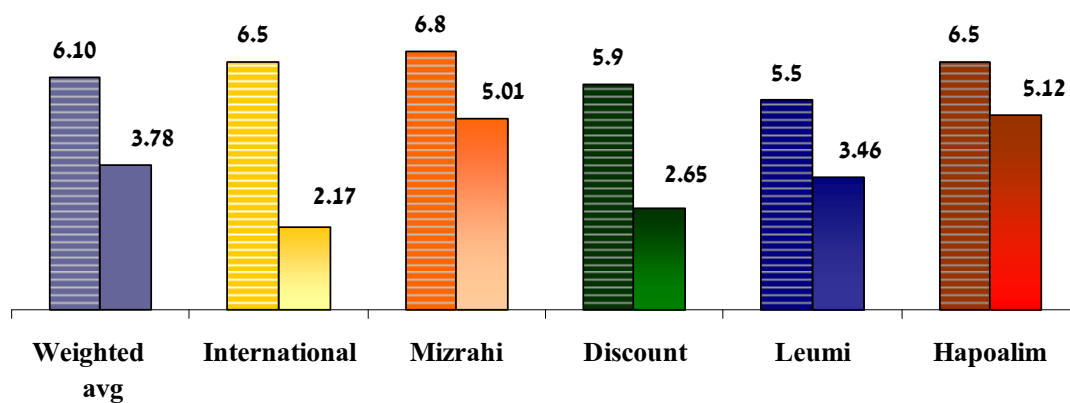


Appendix C¹

Average Monthly Expenditure on Management of Demand Account for Special Population Groups (Young People, Soldiers, Students, Pensioners, and Customers' Clubs), Q3:2010

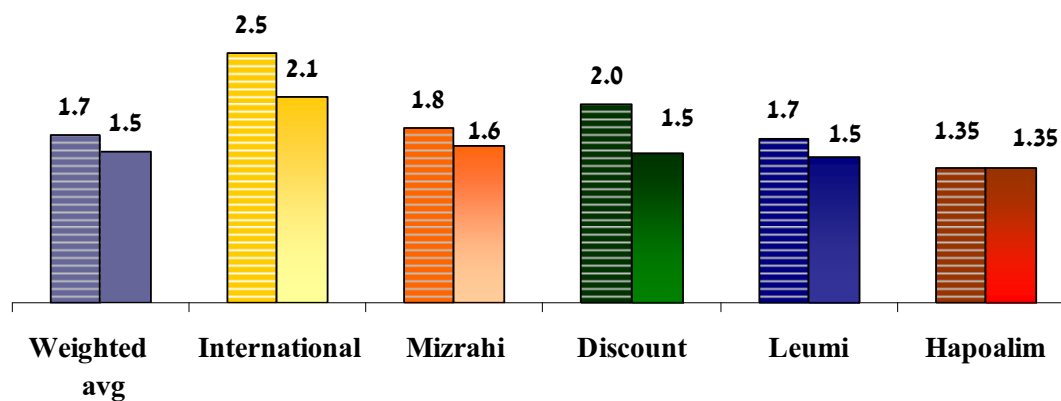


Rate-Sheet Cost vs. Actual Cost of Teller Transaction for Customers Not Belonging to Special Population Groups, Q3:2010



¹ All data pertain to the five large banks.

Rate-Sheet Cost vs. Actual Cost of Electronic Transaction for Customers
Not Belonging to Special Population Groups, Q3:2010



Average Monthly Expenditure on Demand Account (incl, Credit Facility) for
Customers Not Belonging to Special Population Groups, Q3:2010

