



December 29, 2019

Circular no. C-06-2599

Attn:

Banking corporations and credit card companies

Re: E-Banking

(Proper Conduct of Banking Business Directive no. 367)

Introduction

1. In Section 19(c) of the Directive, specific guidelines are provided for opening an acquiring account online. The current amendment is intended to clarify that these guidelines apply as well to opening a discounting account online.
2. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended Proper Conduct of Banking Business Directive no. 367 on “E-Banking” (hereinafter, “the Directive”).

Amendments to the Directive

3. Definitions

The definitions of “Discounting Account” and “Discounting Services” were added (Section 8 of the Directive).

4. Identification and authentication of a online account applicant

Section 19(c) was amended so that every place “acquiring account” is referenced, a reference to “discounting account” was added as well.

Explanation

In Circular no. C-06-2570 dated October 4, 2018 (Amendment no. 5 to the Directive) a leniency was granted with regard to the identification and authentication of an online acquiring-account applicant for accounts with annual acquiring turnover that does not exceed NIS 50,000.

The current amendment is intended to clarify that said leniency applies as well to opening an online account that is a discounting account as defined in the Directive.

Accordingly, a banking corporation may continue to provide discounting services to a customer prior to acting to complete the identification and authentication as required in this section of the Directive (Section 19(c) of the Directive), so long as the annual turnover of the vouchers it is discounting for that customer does not exceed NIS 50,000.

If the annual turnover of the vouchers it is discounting for that customer increases to over NIS 50,000, the banking corporation is to establish a threshold up to which it will continue to provide discounting services to the customer, and will act to complete the customer identification and authentication process (so long as it has not already done so previously), while conducting to the extent necessary a “Know Your Customer” process, which is updated in accordance with the activity expected in the account, and all in accordance with the guidelines of this section of the Directive.

Effective date and transitional provisions

5. The changes to this Directive shall go into effect with their publication.

Update of file

6. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(05/19) [7] 367-1-26

Insert page

(12/19) [8] 367-1-26

Respectfully,

Dr. Hedva Ber
Supervisor of Banks