Banking Supervision Department
Policy and Regulation Division

June 21, 2021
Circular no. C-06-2660

To:
The banking corporations and credit card companies

Re: Outsourcing
(Proper Conduct of Banking Business Directive no. 359A)

Introduction

1. Proper Conduct of Banking Business Directive no. 359A (**hereinafter, "the Directive"**) establishes principles according to which the banking corporations are required to act when they outsource various activities. These principles are intended to reduce the banking corporations' exposure to the potential risks inherent in outsourcing.
2. The directive is being updated after the conditions for cancelling the prohibition determined in Section 38 of the Directive came into effect, and after Proper Conduct of Banking Business Directive no. 311A, on "Consumer credit management", regulating appropriate and fair credit marketing procedures, was published.
3. After consultation with the Advisory Committee for Banking Business and with the approval of the Governor, I have amended this Directive, as detailed below.

Main points of the Update

4. Section 38 of the Directive:

Section 38 of the Directive conditioned the approval for proactively contacting households to refer them to the banking corporation for receiving credit on the cancellation, among other things, of Section 38 of the Directive. Until that section was cancelled, a banking corporation was permitted to proactively make contact if one of the conditions listed in the Directive existed—for example, not receiving financial payment or other benefit when the service provider was from the same banking group or when the contact was made within the framework of a proactive contact by the customer to purchase a product or service.

Given the existence of the Credit Data Register and the publication of Proper Conduct of Banking Business Directive no. 311A, which regulates adequate and fair credit marketing practices, the potential risks arising from the activity of referring customers to the banking corporation to receive credit, have decreased. With the going into effect of Directive 311A on Consumer Credit Marketing, established for the beginning of May 2021, it was decided to update Section 38 and to permit proactively contacting households in order to refer them to the banking corporation, subject to the banking corporation implementing the requirements of Directive 311A, relating to consumer credit marketing.

5. Application

The amendments to the Directive based on this Circular shall go into effect on the day they are published.

6. Updating of the file

Attached are the update pages to the Proper Conduct of Banking Business file. Following are the updates:

Remove page	Insert page
(4/20) [2] 359A-1-17	(06/21) [3] 359A-1-17

Sincerely,

Yair Avidan
Supervisor of Banks