

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

March 30, 2025

**The Bank of Israel announces the formulation and implementation of a NIS 3 billion financial relief plan for customers of the banking system**

Further to the Bank of Israel’s announcement regarding the intention to formulate a financial relief plan for customers of the banking system, the Bank of Israel now announces the completion of the process and the publication of the final plan. Under this plan, the banking system will allocate a cumulative amount of NIS 3 billion, consisting of NIS 1.5 billion each year, starting from the second quarter of 2025 and lasting until the first quarter of 2027. As part of the voluntary plan, various commercial banks[[1]](#footnote-1) will provide a range of financial relief components and direct refunds to millions of retail banking customers.[[2]](#footnote-2)

Bank of Israel Governor Prof. Amir Yaron: “The well-being of households and small businesses is always at the forefront of our considerations. The optimal path to improving customer welfare in the banking system is through removing barriers and increasing competition. Accordingly, the Bank of Israel has consistently led a series of measures in recent years to enhance customer power and increase transparency. Naturally, this is a process. Some measures are already being reflected in improved competition, while others still need time to mature. In addition, given the high profitability of the banking system in recent years and the challenging impacts of the Swords of Iron War on households and small businesses, the Bank of Israel has formulated a financial relief plan to provide immediate assistance to the public. According to the plan, banks will provide significant financial relief to the public, and a large portion of banking system customers are expected to feel these reliefs in practice. I commend the banking system for its responsiveness in joining the plan. The Bank of Israel will continue to work to increase competition and improve the welfare of banking system customers.”

Supervisor of Banks, Mr. Daniel Hahiashvili: “The significant financial relief plan we have formulated, against the backdrop of the high profitability of the banking system, will benefit banking system customers, with a focus on households and small and micro businesses. We emphasized in the plan that most of the financial relief elements in the various packages will be given directly to customers without the need to submit a request, while allowing the banks discretion to act according to their business focuses and customer mix. I commend the banking system for adopting the plan and expect it to work toward promoting additional relief for customers, even beyond what is stipulated in the plan. This step is parallel to the infrastructural measures we are leading to increase fairness, competition, and innovation, which ultimately will enhance customer bargaining power and public trust.”

The plan formulated and adopted by the banks is for two years, and the amounts will be distributed and transferred to customers on a quarterly basis. However, as noted during the presentation of the plan’s principles, the plan period may be revised in certain cases, such as significant changes in geopolitical uncertainty, banking system profitability, and market conditions in which the system operates. From the Bank of Israel’s perspective, the significant plan formulated is more suitable for the needs of banking system customers than specific taxation processes and legislative processes that propose intervening in the pricing of banking products and current account management, yield-generating paths, or increasing the transmission from the Bank of Israel’s interest rate to interest-bearing deposits.

The relief plan will take effect during the second quarter of 2025, starting from April 1, 2025. Following this announcement, each commercial bank will publish the details of the financial reliefs it provides and the relevant customer groups prominently on its website. Each bank’s financial scope in the first year of the plan is derived from its relative profitability for the years 2023–2024 as of the date of publication of the plan’s principles. Additionally, the plan includes various reliefs that banks will provide to population groups included in the Swords of Iron War program[[3]](#footnote-3), including reservists.

The Bank of Israel will closely monitor the implementation of the plan, including the publication of the scope and mix of benefits each bank provides in practice, which will be published in its financial reports according to an accounting reporting format defined by the Banking Supervision Department. Concurrently, the Bank of Israel will continue to promote a range of infrastructural measures to increase transparency and competition among banks.

The following are the main financial reliefs that the banks will provide to their customers, according to the steps each bank has formulated for its customers[[4]](#footnote-4), divided into different packages:

1. **Providing interest or benefits in the area of positive current account balances and proven improvement in interest rates paid on short-term deposits.** Examples: Providing interest on positive balances in current accounts, increasing the interest rate paid on existing deposits, financial benefits, and more.
2. **Reducing interest rates on overdraft balances.** Examples: Lowering the interest rate charged at different levels, offsetting positive balances with overdraft balances to reduce the total interest charge, providing full exemption from interest charges up to defined amounts, refunding interest charged on overdraft balances up to capped amounts, and more.
3. **Providing fee exemptions or significant discounts to specific population groups.** Examples: Exemptions from current account management fees, benefits on fees charged for securities activities, refunding fees charged up to capped amounts, and more.
4. **Providing partial or full exemption for a defined period from monthly repayment or reducing the interest rate charged on existing credit during the plan period.** Examples: Refunding up to 100% of interest paid on loans up to capped amounts, refunding monthly mortgage payments up to capped amounts, and more.

**Additionally, as part of the formulation of the plan, it was agreed that the banks would work to promote the development of an automatic fund transfer mechanism for balances exceeding a predefined minimum balance from current accounts to yield-generating paths (Sweep Account).** This involves adopting a financial instrument offered by the commercial bank to customers with a balance in the current account, defining a desired minimum balance in the current account. The excess amount will be automatically transferred to a short-term interest-bearing deposit and returned if the amount in the current account falls below the defined balance. From the Bank of Israel’s perspective, this is an infrastructural product that improves the transmission mechanism between non-yielding funds and yielding funds. Due to the complexity of the development and required specification, an update on the timelines for implementation and the format in which this step will be applied will be provided later.

1. The participating banks include Bank Leumi, Bank Hapoalim, Mizrahi Tefahot Bank, Discount Bank, First International Bank, Mercantile Bank, Bank Yahav, and Bank Masad. [↑](#footnote-ref-1)
2. Further details on the distribution of the relief will be provided later in the announcement. [↑](#footnote-ref-2)
3. The Swords of Iron program will end at the end of March 2025. [↑](#footnote-ref-3)
4. It should be noted that commercial banks are given flexibility to update the mix and nature of reliefs in the various packages each quarter, provided they are in accordance with the plan’s principles, published to their customers, and the total amount transferred to the bank’s customers is in line with the bank’s share in the plan. [↑](#footnote-ref-4)