

## Management of Customer Service and Support Array

### Introduction

1. It is the practice among banking corporations to deliver service and support to their customers via multiple channels of communication and various technological means including websites, applications, telephone call centers, chat-with-banker services, automatic banking machines, business hours at branches, and so on (hereinafter—“**service channel**”).
2. Effective, available, clear, and fair service and support arrays abet efficient and responsible communication between banking corporations and their customers. These arrays allow customers to receive information and services that they need at times and in ways that enable them to understand the products and services that the banking corporation offers, their characteristics, and the options that customers may invoke to make informed decisions about their financial assets and liabilities.
3. The provision of appropriate, available, effective, and high-quality customer service plays a central and highly important role in creating a positive experience for customers when they engage in financial activity, gaining utility from services and products offered to customers, and strengthening the public’s confidence in the banking system.
4. To provide suitable customer service, it is necessary to create a business environment and an organizational culture in which fair and equitable conduct toward customers is ensured in all interfaces between them and banking corporations and at all stages of the relationship, from the customer’s expression of interest in receiving service to contracting with the banking corporation and for certain services and/or products, during the term of the relationship and at and after its end.
5. Within this construct, the Banking Supervision Department wishes to promote the assimilation of a proactive approach in which a banking corporation “places itself in the customer’s shoes” and acts so that its service and support arrays will furnish customers with relevant information (including information about benefits, risks, and costs) at a time and in a way that will enable them to make optimal decisions from their standpoint.
6. This Directive lays down principles for the provision of service and support for banking-system customers on the various service channels as specified in Chapter C of the Directive (hereinafter—“**the Principles**”) and establishes obligations in banking corporations’ corporate governance and working processes in order to promote an organizational culture that emphasizes the quality and availability of customer service and support. Within this schema, banking corporations’ boards of directors and managements must lay down strategies, policies, programs, and working processes that will ensure the advancement of their corporations’ compliance with said Principles. Banking corporations are instructed to act systematically, persistently, and protractedly to improve their compliance with the Principles, using discretion and prioritization in accordance with importance for the customer.
7. To eliminate doubt, the demand for quality and availability of customer service and support is derived, *inter alia*, from the requirements of trust, prudence, and good faith that apply to banking corporations by law. This Directive complements the provisions of the law, including those of

other Proper Conduct of Banking Business Directives that regulate other aspects of customer service and support in the banking system, and nothing in this Directive shall derogate from other requirements as established by law.

### **Incidence**

8. This Directive shall apply to a banking corporation as defined in the Banking (Customer Service) Law, 5741-1871 (hereinafter—“**banking corporation**”).

## **Chapter B—Corporate governance**

### **Board of Governors**

9. **Establishing a customer service and support strategy**—the board of directors of a banking corporation shall establish a service and support strategy for customers of the banking corporation that will promote compliance with the Principles and support continual improvement over time. Said strategy shall apply to all service channels that the banking corporation operates and shall ensure that the banking corporation’s customer service and support be applied effectively and rapidly, with fairness, responsibility, and transparency toward the customer maintained.
10. **Supervision of implementation of the strategy and approval of the policy**—the banking corporation’s board of directors shall supervise the implementation of the strategy that it has established, approve the customer service and support policy and the work plans that senior management shall formulate in accordance therewith, and ascertain that the topic has been integrated properly into the work plans of the internal-audit function.
11. **Determining reporting and discussions**—the banking corporation’s board of directors shall determine the type, content, and frequency of the reports that senior management shall submit to it in regard to customer service and support on the various service channels and in accordance with the range of services and products that the banking corporation offers, including cases of aberrant events or events of material impact on the banking corporation or on its customers. The board of directors’ discussion of the matter shall deal, *inter alia*, with the extent of effectiveness of the existing service array, review requisite adjustments and revisions, and assess the risks that are inherent in the provision of customer service and support, including operating, legal, and reputational risks. Said discussion of the service and support array by the board of directors shall take place at least once per year.

### **Senior management**

12. **Application of the customer service and support strategy**—senior management is responsible for applying the customer service and support strategy that the board of directors establishes. For this purpose, senior management shall establish policies, procedures, working processes, monitoring and measurement tools, and annual and multiannual work plans that will promote compliance with the Principles, support continual improvement over time, and assure suitable delivery of service to all types of customers on the various service channels, in accordance with customers’ characteristics and types and the complexity of the products and services. Within this construct, senior management will formulate, *inter alia*, an annual and multiannual work plan and objectives for the expansion of digital services commensurate with customers’ needs; procedures and processes for planning and review of the “customer journey” and the points of

customer interface that exist on it; a service covenant as specified in Section 26 of the Directive, and procedures for the professional handling of customer inquiries, with strict attention to their quality, effective and professional activity, and availability for customers' wellbeing, with reference to types and characteristics of customers.

13. **Establishing powers and responsibilities**—senior management shall determine powers and responsibilities for the effective management of the various service channels.
14. **Resource allocation**—senior management is responsible for allocating requisite resources, including a budget, skilled personnel who have received and shall receive the requisite professional training, and supportive technological systems for assimilation of the policy established and assurance of suitable, available, effective, and professional customer service. Senior management shall also allocate appropriate resources to monitoring, supervising, measuring, and auditing the way customer service is given on all service channels and for the creation of mechanisms that will assimilate the service channels among customers, with emphasis on helping customers who have difficulty in adopting new technologies.
15. **Evaluation and remuneration mechanisms**—senior management shall establish evaluation and remuneration mechanisms for customer service and support staff, including outsource staff, that shall ensure fair and professional conduct toward customers.
16. **Supervision and auditing mechanisms**—
  - (a) Senior management shall develop supervision and auditing mechanisms through which it shall supervise, measure, and evaluate the quality and availability of banking services and customer support and shall maintain follow-up, *inter alia*, of deviations from the policies, procedures, or service covenant established. With this generality, senior management shall determine indicators for review of the quality and effectiveness of the customer service and support array and shall develop tools for monitoring, measuring, and analyzing use patterns, response patterns, and wait times on the various service channels. Customer satisfaction shall also be reviewed on the basis of behavior surveys and analyses, *inter alia*, with attention to the extent and characteristics of customer complaints.
  - (b) Senior management shall develop mechanisms of ongoing supervision and examination of compliance by the banking corporation and its staff with policies and procedures in the field of customer service and support, that shall be based, *inter alia*, on the quality and effectiveness review indicators that shall be established and that shall make it possible to detect and deal with obstacles, failures, and deficiencies in the service and support array.
  - (c) Senior management shall ensure that said supervision and examination processes will be implemented by auditors who are other than the business player.
17. **Continual revisions and adjustments**—senior management shall maintain ongoing review and evaluation of the need to make revisions and adjustments in the service and support system in accordance with customers' needs, *inter alia* on the basis of the supervision and examination mechanisms specified in Section 16 above. In accordance with said evaluation, senior management shall act to revise policies, procedures, supervision and examination processes, resources, or the service covenant as required, all of which is to maintain the quality and effectiveness of the banking corporation's customer support and service arrays over time.

## **Chapter C—Principles of Customer Service and Support Delivery**

### **General remarks**

18. In this chapter, principles for the delivery of customer service and support are delineated. A banking corporation must act, by applying Chapter B of the Directive, to promote and improve compliance with the Principles continually, flexibly, and dynamically, with discretion applied and with priority given to the advancement of matters on the basis of their importance for the customer generally and with particular emphasis on individual and small-business customers.
19. Examples of application the Principles are given in Appendix A of the Directive. As it applies in the Directive, a banking corporation shall integrate the handling of the examples into its work plan as expeditiously as possible. It is also stated for clarity that the examples presented are not exhaustive in respect of the Principles laid down in this chapter.
20. **Optimal service and support array**—a banking corporation shall maintain a customer service and support array that will ensure the delivery of services and support commensurate with customers' needs. Said service and support shall be delivered on a variety of service channels, in simple, respectful, and clear language, professionally, available, rapidly, and effectively.
21. **Effective communication**—a banking corporation shall provide its customers with service and support in a way that will enable them to conduct themselves vis-à-vis the banking corporation effectively and to obtain, at the appropriate time, simple and clear information and explanations as are needed for intelligent decision-making and financial operations in accordance with the types and complexity of the products and services, and that will encourage them to engage. A banking corporation shall make sure that important information is presented to the customer directly, prominently, and immediately; offer the possibility of expanded information insofar as the customer wishes to engage at a deeper level (layering); and take measures to ensure that the customer understands it. Within this framework, a banking corporation shall ensure that the service channels are easy to navigate and friendly to use and that the options are presented clearly and fairly, enabling the customer to receive effective service and support.
22. **Preventing obstruction of service, damage, and deception**—a banking corporation shall ensure that its customer service and support array is managed in a way that prevents obstructions to the customer's receipt of service, damage, deception, difficulty, or extra costs. Without derogating from the generality of the aforesaid, a banking corporation shall act to detect behavioral tendencies that may result in suboptimal customer service and shall respond to them.
23. **Availability and quality throughout the term of the customer relationship**—a banking corporation shall ensure that the level of availability and quality of customer service along the various service channels be appropriate throughout the term of customer relationship, from the first contact to termination (including cases in which the customer wishes to disengage from a service or cancel a product) and even afterwards, where necessary and as the case may be. The service and support array shall support ongoing care of the customer so that the customer be given complete, efficient, and transparent care from first contact to last.
24. **Customer-tailored service and support**—a banking corporation shall provide customers with service and support in accordance with the characteristics of the product and service and in accordance with customers' diverse and changing needs. In so doing, it shall be mindful, *inter*

*alia*, of the need to give a tailored response to customers who are senior citizens, have disabilities, belong to vulnerable or other population groups, and are contending with urgent or exceptional cases or extreme situations.

25. **Appropriate and high-quality service on a variety of channels**—a banking corporation shall offer its customers a variety of service channels and shall maintain an appropriate and high-quality level of service on all service channels to which the customer may turn. The corporation shall enable customers to receive its services digitally. To help customers choose the service channel best suited to their needs, a banking corporation shall allow, *inter alia*, friendly and oriented search of banking operations that can be carried out and various services that may be obtained on each service channel that it operates. Also, when a customer applies for a service on a channel that has suffered a disruption or disablement, the banking corporation shall serve notice of said disruption and of the approximate date of its correction, insofar as this is possible or known under the circumstances, and shall apprise the customer of alternative service channels.

**Chapter D—adopting a service covenant and publishing details about the customer service and support array**

26. A banking corporation shall adopt a service covenant composed of an organizational service statement in which it expresses the service concept and policy that it wishes to promote vis-à-vis its customers; and it shall issue an SLA (Service Level Agreement) that specifies the services it offers its customers, the service and support channels by which customers can obtain services from the banking corporation, conditions for receiving services on the various service channels, and the service levels to which the banking corporation obliges itself on each service channel. Said service levels should be defined clearly, quantitatively, and measurably (in minutes, hours, business days, etc.). Also, insofar as different service channels offer different levels of service due to objective differences among them, this should be expressed to the customer within the framework of the service covenant.
27. A banking corporation shall publish its service covenant on the channels that it regularly uses to publish information for its customers and, at the very least, on an accepted public channel. The corporation shall also publish information about the service and support channels that its customers may use in order to make its services accessible in a friendly and convenient way. Said information shall include, at the very least, the following:
- (a) the days, hours, and means of communication by which services may be obtained on the various service channels, including a human response at the branches, the telephone call center, and technical support call centers.
  - (b) an itemization of the services that can be obtained on each service channel and the response times, including those for the purpose of terminating the relationship. A banking corporation that allows its customers to make an appointment for certain services shall publicize flexibly, prominently, and clearly the ways in which such appointments may be made.
  - (c) For each calendar quarter, a banking corporation shall publish its actual average wait and response times for each service and service channel specified in the service covenant, and shall publish a comparison with the levels of service to which it is obligated in the service covenant. Said publication shall take place one month after the end of the quarter.

- (d) In addition to the provisions of Section 25, in the event of disruption or disablement, the banking corporation shall announce that a disruption has occurred and the approximate time by which it shall be corrected, insofar as is possible or is known under the circumstances, and shall apprise the customer of alternative service channels.

**Appendix A—Examples of Application of the Principles**

	Principle	Examples
1.	Optimal service and support array (Section 20 of the Directive)	A banking corporation shall review the business hours and days of its human telephone call center and make sure they correspond to customers’ needs. For this purpose, it is explained for clarity that the definition of “core hours” in Proper Conduct of Banking Business Directive 426, “Provision of a Professional Human Telephone Response,” is a minimum threshold only and that the banking corporation shall determine whether the business hours of its telephone call center should be expanded.
2.	Effective communication (Section 21 of the Directive)	<ol style="list-style-type: none"> <li>1. A banking corporation shall make sure that important information is not mingled with large quantities of information or is hard to locate, and that the data be presented in condensed form, with the possibility of broader and deeper treatment and avoiding the presentation of unnecessary information, the use of complex terms for no purpose, unnecessary legal and professional jargon, and overload.</li> <li>2. The Banking Supervision Department expressed its view on the timing of serving customers with notices as may be seen in Proper Conduct of Banking Business Directive 420, “Sending Notices via Means of Communication,” in which a banking corporation must, <i>inter alia</i>, choose the appropriate communication channel for sending a certain notice to a customer who has signed up for the service, commensurate with the importance of the information and the celerity required for its delivery, and shall determine whether the customer should be allowed to receive the information immediately and accessibly, and whether there is a need for follow-up, retention, and printing of the notice.</li> </ol>
3.	Preventing obstruction of service, damage, and deception (Section 22 of the Directive)	<ol style="list-style-type: none"> <li>1. The Banking Supervision Department expressed its views on preventing obstruction of service, damage, and deception as may be seen in Proper Conduct of Banking Business Directive 401, “Opening Days of Banking Corporations’ Offices,” in which a banking corporation is enjoined, <i>inter alia</i>, against denying face to face service to customers at its branches even in cases where the banking corporation has an appointment system for professional service at the branches and the customer failed to make an appointment beforehand, and this, in order to provide adequate service, avoid obstructions in service, and refrain from causing damage, deception, difficulty, or extra costs to the customer on account of non-delivery of service.</li> <li>2. In planning the routing of calls at the telephone call center, a response should be given to customers’</li> </ol>

		behavioral tendency to exit the system in the case of a call router that gives too many options or in the event of lengthy wait times. In these cases, customers may sustain damage by hanging up on the call center because it will mean nonreceipt of service. Therefore, a banking corporation shall offer solutions such as allowing the customer to leave a message or ask for a return call at a time suitable to him/her (in accordance with the business hours of the banking corporation’s relevant service channels), allowing the option of setting up a talk with the call center in advance, and designing the call menu to be intuitive and based on customers’ needs.
4.	Availability and quality throughout the term of the customer relationship (Section 23 of the Directive)	When a customer makes a repeat call to the call center for service in a given matter, service representatives will have before them the details of the customer’s previous inquiries on the same topic.
5.	Customer-tailored service and support (Section 24 of the Directive)	A banking corporation shall “place itself in the customer’s shoes” and give thought, <i>inter alia</i> , to senior citizens’ need to reach a service representative at the call center directly and without having to navigate the routing menu, as set forth in the December 30, 2020, voluntary covenant for the advancement of mutual guarantee.
6.	Appropriate service on a variety of channels (Section 25 of the Directive)	The Banking Supervision Department expressed its view on the need to expand the types of service given digitally in Proper Conduct of Banking Business Directive 432, “Transferring Activity and Closing a Customer’s Account,” according to which a banking corporation must, <i>inter alia</i> , enable customers to submit a request to transfer a portfolio of financial assets to another financial institution online, without having to visit the bank branch.

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