



October 1, 2020

Circular Number C-06-2627

To: The banking corporations and credit card companies

Re: Debt collection proceedings

(Proper Conduct of Banking Business Directive no. 450)

Introduction

1. To facilitate receiving the customer's consent to a debt proceeding between the customer and the banking corporation, the requirement for a signature on the arrangement was changed to a requirement to receive documented consent, as is accepted even in parallel legislation that was legislated recently. In addition, a requirement was added for the publication on the banking corporation's website of the debt collection function's contact information, in order to make it easier to contact them. In addition, in view of the changes in legislation made in recent years, part of which have already gone into effect and part of which are expected to go into effect in the near future, changes in the directive were needed.
2. Following consultations with the Advisory Committee on Banking Business Affairs, and with the approval of the Governor, I have amended this directive.

Changes to the Directive

3. Section 3 of the Directive shall be marked 3(a), the part beginning with the words "For the purposes of Sections 7–9 and 30–31" until the end shall be deleted, and afterwards should show:
“(b) The Supervisor may establish certain directives that are different than those detailed below, that shall apply to a specific banking corporation, or to exempt, in anomalous cases, a banking corporation from a certain directive, when special reasons exist such that the Supervisor saw fit to do so, and for reasons that will be listed.”
4. In Section 4 of the Directive, under the definition of “loan”, the words “with a payment card as defined in the Payment Cards Law, 5746-1986,” shall be replaced with “with a means of payment as defined in the Payment Services Law, 5779-2019”.



In the definition of “Banking corporation”, at the end shall be added, “and an acquirer as defined in Section 36i of the same law”.

Explanatory remarks

The correction of the definitions in Section 4 was required in view of the expected coming into effect of the Payment Services Law, 5779-2019, and the expected repeal of the Debit Cards Law, 5746-1986, and in view of the separation of the credit card companies from the banks.

5. In Section 9 of the Directive, at the end shall be added:

Information for contacting the debt collection function shall be published on the banking corporation’s website.

Explanatory remarks:

The addition was required in order to facilitate contacting the function for debt-collection handling function.

6. In Section 13(b) of the Directive, the words “receipt of his or her documented consent” shall replace “after he or she has signed it”.

Explanatory remarks

To facilitate receiving a customer’s consent to a debt proceeding between the customer and the banking corporation, the requirement for a signature on the arrangement was changed to a requirement to receive documented consent, as is accepted even in parallel legislation that was legislated recently. It should be noted that this easing was granted within the framework of Proper Conduct of Banking Business Directive no. 250 regarding the handling of the coronavirus crisis, and this amendment is intended to apply it to routine times as well.

7. The provisions of Section 16 of the Directive shall be deleted and shall be replaced by “Every notification to a customer in respect of a delinquency in repaying a loan, including notification of intent to initiate proceedings to collect the debt, shall include reference to a report that was sent or will be sent, as relevant, to the central credit register in accordance with the Credit Data Law, 5776-2016”.



Explanatory remarks

The amendment of the section was required in view of the entry into force of the Credit Data Law, 5776-2016, and the repeal of the Credit Data Services Law, 5762-2002. In addition, in view of the importance of notifying the customer already in the early stages of the delinquency in repaying the loan, due to the requirement to report to the central credit register, it was established that every notification to the customer about a delinquency in the repaying the loan, shall include reference to this reporting requirement.

Application

8. This amendment shall go into effect on the day it is published, except for:
 - (a) The amendment to Section 4 of the Directive shall go into effect with the entry into force of the Credit Data Law, 5779-2019.
 - (b) The amendment to Section 16 of the Directive shall go into effect on March 31, 2021.

File update

9. Update pages for the Proper Conduct of Banking Business Directives file are attached. The following are the update instructions:

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Sincerely,

Yair Avidan
Supervisor of Banks