

Sending Notices via Means of Communication

Introduction:

1. Many notices are sent to banking corporation customers through the mail. In light of advances in technology, which enable improved service to the customer, availability of information, efficiency, and to reduce the costs involved in issuing and sending those notices, this Directive establishes that most of the notices may be sent to banking corporation customers digitally via communication channels under the terms delineated in this Directive and subject to the law.
2. In addition, the Directive enables a banking corporation to offer its customers a warning service, by way of notices via communications channels (such as text messages to a mobile phone (hereinafter: SMS)), which will assist him in the informed management of his account, such as warnings of an expected deviation from the credit facility in the account, and more. Within this framework, the Directive for the first time requires the banking corporations to send a warning via SMS to the customer's mobile phone if five checks have been refused for payment in his account, or if a restriction has been placed on his account, in addition to the duty to send a notice in another manner in accordance with the law. This is in order to assist customers in preventing the restriction of their account and to rapidly know about a restriction placed on their account.

Application:

3. The provisions of this Directive shall apply to a banking corporation, including a credit card company, which is an auxiliary corporation as defined in Section 11(b) of the Banking (Licensing) Law, 5741–1981.

Definitions:

4. **“Communication channels”**—Internet channels as defined in Section 8(a) of Directive 367, excluding instant messaging services, which enable written notices to be sent, documented via electronic means and printed by the customer, and text messages.

“Notices”—**“Notices as mandated by law”**– Written information sent to a customer as mandated by Proper Conduct of Banking Business Directives, by the Banking (Service to the Customer) Law, 5741–1981, including rules established under its authority, or by the Debit Cards Law, 5746–1986, including rules established under its authority.

“Notices not mandated by law”– Information that the banking corporation has chosen to send to its customers, that is intended to assist in management of the account.

“The service”—Sending notices through communication channels.

“A refused check”—As defined in the Checks Without Cover Law, 5741–1981 (hereinafter: the Checks Without Cover Law).

The Service:

5. A banking corporation may provide the service to a customer, beyond sending the notices via the mail or by transmission at the branch, provided that the following terms are fulfilled and subject to any law:
 - a. The customer requested to join the service. In this regard, “request” includes by the use of any of the communication channels as defined in Section 8 of Directive 367.
 - b. The banking corporation meets all of the requirements of the Proper Conduct of Banking Business Directives concerning information security and e-banking.

6. Should the notices be information or a copy of a document of instructions to carry out a transaction, provided to the customer at the branch, and the document includes disclosure regarding the cost of the service, the banking corporation is permitted to provide its customers with the service, in accordance with what is set out in Section 4(a) of the Banking (Service to the Customer) (Due Disclosure and Provision of Documents) Rules, 5752–1992. Furthermore, the banking corporation shall clarify to the customer that his request to receive these notices through communication channels shall in the future apply, at the banking corporation’s discretion, to all notices prepared in his presence at the branch, and that he shall be permitted to request, at any time, that a particular notice be given to him at the branch, in addition to being sent through communication channels.

7. Notwithstanding the provisions of Sections 5 and 6 above, the banking corporation is required to send notices to the customer through regular mail, in parallel to sending them via communication channels, in the following cases:
 - a. Notices related to taking legal action against the customer, or which may lead to a legal process against the customer, such as notice of debt in arrears, a warning before taking legal action, notice of cancellation, reduction, or nonrenewal of a credit facility, notice of offset or lien;
 - b. Notices to guarantors regarding the guaranteed loan;
 - c. Notice from an issuer regarding cessation of a payment card contract;
 - d. Notice from an issuer on suspension of customer’s right to use a payment card.

Sending notices via text message

8. A banking corporation shall send notices as mandated by law via SMS text message only in cases where sending notices in this manner is set out in the law.

9. The duty to send special notices—
 - (a) Without derogating from the duty to send a warning pursuant to Section 2(a1) of the Checks Without Cover Law and the regulations promulgated based on it, the banking corporation must send all of its customers warning via SMS text messages in a case where five checks have been refused in the account. The warning shall notify the customer regarding the refusal and shall include ways of contacting the banking

corporation, and a link to the Checks Without Cover guide on the Bank of Israel website.

- (b) Without derogating from the duty to send notice of restriction pursuant to Sections 3a and 3c(b) of the Checks Without Cover Law, the banking corporation must send all of its customers warning via SMS text messages in a case where a restriction has been placed on the account, which shall include information regarding the type of restriction (regular, aggravated, special) in accordance with the definitions in the Checks Without Cover Law, and in a case of restriction under special circumstances, it shall also note the party that instructed that the restriction be placed. The warning shall also include ways of contacting the banking corporation, and a link to the website of the “information system and authorizations regarding restricted customers and accounts” at the Bank of Israel.
- (c) If the customer is not a subscriber of the service, or if he is a subscriber but has chosen not to receive notices through SMS text messages, the text of the warnings sent in the cases listed above shall be general only, and shall refer the customer to the bank for clarification.
- (d) If the banking corporation is unable to send SMS text messages to the customer due to technical limitations, the banking corporation shall notify the customer of the special notices set out in this Section through another rapid communication channel, according to the internal communication procedures that shall be established.

10. A banking corporation is also permitted to send notices not mandated by law through text messages.

Sending notices as mandated by law via email

- 10a. Sending a notice as mandated by law to a customer, via email, shall not replace the sending of the notice in parallel to the customer’s mailbox on the banking corporation’s website, provided the customer has joined the service for sending notices on the website.

Notice before refusal of check

- 10b. (a) In a case where a check is presented for payment and there are insufficient funds in the account to allow payment to take place, notice from the banking corporation to the customer concerning the need to deposit funds into the account in accordance with Section 7a(a) of the Checks Without Cover Law shall be sent to all registered holders of the account by 8:00 a.m. on the business day following the business day on which the check is presented for payment.
- (b) Notwithstanding the provisions of Subsection (a), in accounts that are registered under corporate ownership, the banking corporation shall send the notice specified in Subsection (a) to all authorized signatories of the account who are authorized to take action to cover the check that has been presented for payment, in accordance with the most recent list of authorized signatories in the banking corporation’s possession.

- (c) Said notice shall be sent digitally, at the very least over a communication channel that allows immediate and accessible sending of notices, such as SMS or voice message, as the case may be, or by email, all of which, insofar as the bank has the relevant communication details. If the banking corporation receives indication before the deadline for the depositing of funds that the customer has not received the notice, it shall make a reasonable effort to send the notice again. It shall also make use of a mechanism that redials to a customer who has not responded to a voice message.
- (d) Said notice shall apprise the account holders or authorized signatories of the need to deposit funds into the account in order to prevent the check from being refused due to insufficient funds, and shall include the following details at the very least:
 - 1. the amount of the check;
 - 2. the deadline for depositing funds into the account, as specified in the Checks without Cover Law;
 - 3. ways in which the customer may deposit said funds; within this construct, it shall be made clear to the customer that he or she can use only such methods that will assure the finality of the receipt of funds into the account by said deadline;
 - 4. ways in which the customer may receive additional information.
 - 5. a clarification to the effect that depositing the sum of the check will not prevent its being refused for a reason, if any, other than insufficient funds in the account;
 - 6. a clarification to the effect that situations may occur where funds cannot be deposited to the account and the check will be refused, e.g., if the account with the bank has been closed; the customer shall also be advised that if the account has been attached, funds deposited into it may be seized in favor of the attachment.
- (e) In a case where several checks are presented for payment at the same time and the account lacks the funds to cover them all, they may be presented in one notice instead of sending a separate notice for each check. In this case, the banking corporation may present in said notice the total sum of the checks that are due for payment by the deadline.
- (f) A banking corporation shall act in accordance with Subsections (a)–(e) *supra* even toward customers who do not wish to subscribe to the service.
- (g) The provisions of this Section shall not apply in a case where the banking corporation knows, before it sends notice, that the check will be refused for another reason, on grounds of which it will not count in the tally of checks returned due to insufficient funds.

Telephone instructions:

- 11. After executing a telephone instruction, a written notice shall be sent to the customer, which shall include the details of the instruction.

Control over receiving notices mandated by law

- 12. (a) A banking corporation shall use computerized tools that will enable it to determine definitively whether the customer received notices mandated by law

that were sent to him through communication channels (hereinafter: “use of service”). The determination shall be made according to the communications channel used, including: by electronic mail, it shall be determined that the customer opens the notices; on the banking corporation’s website and application it shall be determined that the customer accessed the Internet page where the notices to the customer are displayed.

(b) The provisions of sub-Section (a) shall not apply to notices sent through text messages as detailed in Sections 8 and 9 of this Directive.

(c) Should the customer not make use of the service, or not grant documented consent to continue receiving the service, for a period of 9 months, he shall be sent via another channel through which he requested to receive the service, a notice clarifying that if he does not make use of the service during the three months following the notice, the service will be stopped (hereinafter: “warning notice prior to stopping the service”). Following the additional three-month period, where the customer has not made use of the service, or has not given documented consent to continue receiving the service, the service shall be stopped.

Regarding the sending of a monthly account statement via the banking corporation’s communication channels, a credit card company is permitted, notwithstanding the foregoing, to send to each customer who has requested to receive the service, at the end of each calendar year, notice by mail regarding continued receipt of the account statement as stated.

(d) Notwithstanding the provisions of Subsection (c), in a current account managed only for the purpose of other accounts belonging to the customer, the warning notice prior to stopping the service shall be sent at the end of 15 months.

Joint account:

13. In a joint account with two or more owners, who act in the account jointly or separately, the banking corporation’s response to a request to receive the service, or a request to change the details of the service, shall be provided with notice being given to the other account owners, soon after the response to the request. The notice shall include information regarding the nature of the change that was made, the date of the response to the request, and the details for contacting the banking corporation to obtain more information.

Manner of presenting the information:

14. Insofar as the notice sent via communication channels bears a title, the title shall reflect the content of the notice, and shall not include full identifying details of the account or the customer such as the name of the customer, account number, payment card number (hereinafter: full identifying details).

Access to the data:

15. (a) If there is an ongoing legal proceeding between the banking corporation and the customer, the banking corporation shall continue to allow the customer access to notices sent to him on the banking corporation’s website and application prior to the legal process.

(b) If the customer requested to receive notices mandated by law that were sent to him on the banking corporation’s website and application even after the end of his relationship with the banking corporation, the banking corporation shall allow the customer access to notices mandated by law sent to him during a period of 6 months prior to the date that the relationship is terminated, and that shall remain in place for a period of at least 6 months from the date of termination. Alternatively, the banking corporation shall provide the customer with a copy of every one of the notices, during a period of 6 months following the date of the termination of the relationship.

Exclusion from the duty of encryption

16. (a) Notwithstanding the provisions of Section 63 of Directive 367, a banking corporation may send notices that are not mandated by law without using an encryption algorithm, provided that these notices do not include full identifying details.
- (b) The provisions of Section (a) above shall not apply to the sending of a notice by email that is subject to the arrangement set forth in Directive 367.

Full disclosure:

17. Soon after the date of joining the service or updating the details of the service, the banking corporation shall send the customer written notice of such. Soon after first joining the service, the notice shall include the main points of this Directive.

Updates

Circular 06 no.	Version	Details	Date
2291	1	Original directive	30/1/11
2395	2	Update	4/8/13
2508	3	Update	25/7/16
2550	4	Update	11/01/18
2557	5	Update	22/3/18
2653	6	Update	25/02/21