

Banking Supervision Department

Supervisor of Banks
20LM3355

September 14, 2020

To: The Banking Corporations and Credit Card Companies

Re: Banking (Service to Customer) (Supervision of debit card fee, lawyer's warning letter, and call-center teller executed activity) (Temporary provision) Order, 5780-2020

As part of the Bank of Israel's dealing with the effects of the marked increase in the scope and duration of morbidity of the coronavirus, and wanting to make it easier for banking system customers in their dealing with the ramifications of the crisis, the Governor of the Bank of Israel announced, in line with the powers granted to him in accordance with Section 9k of the Banking (Service to customer) Law, 5741-1981 (hereinafter, "**the Law**"), that the following three banking services are to be supervised services. The three services are activity by a teller at a call center, a warning letter from a lawyer, and card fees for a debit card.

The reasons for the declaration of these services as supervised services are in line with the reason established in Section 9k(a)(3) of the Law—"in the Governor's view it is an essential service, and there is a need for it to be supervised due to public-benefit considerations" and in line with the reason established in Section 9k(a)(2) of the Law—"a customer can only receive it at the banking corporation in which his account is held". The announcement was made after a professional examination of the manner of consuming these services by customers, the special circumstances in which the Israeli economy is found in its dealing with the ramifications of the coronavirus crisis, and in order to encourage to the extent possible the remote use of banking services rather than going into banking corporation branches. In setting the prices of the supervised services, among other things taken into account were the costs involved in providing such services at the banking corporations, and in order to maintain the necessary balance between the constraints on the banking system and the objectives of the Order, an applicability period was established, of a half-year from the date it is published in Reshumot (the government gazette).

Following are clarifications regarding the provisions of the Supervisory Order:

1. The Order's provisions apply to individual customers and small businesses, as defined in the Banking (Service to Customer) (Fees) Rules, 5768-2008.

2. The “Teller-executed activity at a call center” service – the maximum amount that a banking corporation may charge for a teller-executed activity carried out at a call center is NIS 2.50, whether the conversation was originally made to the staffed call center or whether it was originally made to the branch and only subsequently transferred to the staffed call center.
3. The “Debit card fee” service – as part of the full disclosure requirement that applies to the banking corporations, it is required to give customers full disclosure on the card fees that they will be charged at the end of the Order period, including the amount of the fee, both upon issuance of new cards and close to the date that the fee is actually charged.
4. Providing notice to customers on the supervised fee rates – the banking corporations are subject to a notification requirement on changes in fee schedules, in accordance with Section 5 of the Banking (Service to customer) (Full disclosure and keeping documents) Rules, 5752-1992.
5. The Order discussed was published in Reshumot on September 13, 2020, and is in effect beginning from October 13, 2020, for 6 months, until April 13, 2021.

Respectfully,

Yair Avidan
Supervisor of Banks

Cc: Odeda Perez, Deputy Supervisor of Banks

Banking (Service to Customer) (Supervision of Debit Card Fee, Lawyer’s Warning Letter, and Call Center Teller-Executed Activity Services) (Temporary Provision), 5780-2020

By power of my authority according to Sections 9k and 9l of the Banking (Service to customer) Law, 5741-1981¹ (hereinafter, “the Law”) and with regard to Section 3—after consultation with the Advisory Committee, I order the following:

Definitions

1. In this Order:

“Debit card fees”	A service as noted in Paragraph (1) of Part 6 of the full fee schedule in the First Addendum to the Fees Rules, with regard to a debit card;
“Fees Rules”	The Banking (Service to customer) (Fees) Rules, 5768-2008 ² ;
“Lawyer’s warning letter”	A service as noted in Paragraph (2) in Item 2(a) of Part 2 of the full fee schedule in the First Addendum to the Fees Rules;
“Teller-executed activity in a call center”	A service as noted in Paragraph (2) in Item 1(a) of Part 1 of the full fee schedule in the First Addendum to the Fees Rules, if the activity is carried by a teller at a staffed call center;

Declaration of services as supervised

2. The following services are hereby declared as supervised services:
- (a) An activity by a teller at a call center
 - (b) A lawyer’s warning letter
 - (c) A debit card fee.

Supervision of fee amounts or rates

3. (a) The maximum amount of a fee that can be charged for an activity by a teller at a call center shall be NIS 2.50 per activity.

¹ Sefer Hukim 5741, p. 258 (in Hebrew); 5767, p. 376 (in Hebrew).

² Sefer Hukim 5768, p. 310 (in Hebrew).

(b) The maximum amount of a fee that can be charged for the service of a warning letter from a lawyer, shall be NIS 50 per letter.

(c) It is prohibited to charge a fee for a debit card.

Start and application

4. This Order shall go into effect on the day of its publication and shall be in effect for 6 months from the date of its publication.

September 8, 2020

Amir Yaron
Governor of the Bank of Israel