



Worth Knowing

Consumer Banking Advice from
Banking Supervision Department Experts

Lower costs involved in managing a bank account



There are various ways to lower the costs involved in managing a bank account and credit card usage fees.

In this guide, we will suggest ways to do so relatively simply.

1 Negotiating with the bank and
doing a "market survey"

2 Fees track service

3 Doing your banking through
digital or direct channels

4 Debit cards

5 Foreign exchange

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Negotiate with the bank and do a "market survey"

The cost for managing an account is a matter for negotiation with the bank. It is worthwhile and suggested to have a discussion with the bank representative to try and lower the account management costs, and to compare service fees between banks and credit card companies, with the aim of making transactions in an informed way that will lead to lower costs.

If the market survey shows that account managements costs are lower at another bank, you can tell the bank representative that you intend to move to another bank. That statement by itself may convince the representative to look for ways to lower your account management costs.

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Fee tracks service

What is the fee tracks service?

This service, initiated by the Banking Supervision Department, enables you to pay a fixed monthly price for transactions defined as basic transactions¹ involved in managing a current account, and to lower account management costs.

There are two fee tracks:

- **Basic track** – includes up to 10 direct channel transactions (via automatic device, website, or cellular application) and up to one teller-executed transaction—at a supervised price of up to NIS 10 per month.
- **Expanded track** – includes up to 50 direct channel transactions and up to 10 teller-executed transactions. The price in this track is not supervised, but the cost at the banks ranges from NIS 20–30. This track should be appropriate for small businesses and for households that make a relatively large number of transactions.

¹ Teller-executed transaction—Depositing or withdrawing cash, producing and sending a printout at the customer's request, transfer or deposit into another account, redeeming a check, depositing a check (for each group of checks—up to 20 checks), payment of a bill, making change for cash.

Direct-channel transaction—Crediting an account through a clearinghouse, charging via a credit card, depositing or withdrawing cash through an ATM, transfer or deposit to another account, payment of a bill, request for information on any matter (from the seventh request per month), withdrawing or depositing a check (for each group of checks—up to 20 checks), charging based on an authorized debit or standing order.

How much can I save by joining a track?

A customer who does not join the basic track and makes all the transactions included in it according to the full-price fee (with no benefits), will pay 2.5 times as much at some banks (about NIS 25 on average instead of a maximum of NIS 10)!

A customer who does not join the expanded track, and makes all the transactions included in it at the full-price fee (with no benefits), will pay 5 times as much at some banks! (about NIS 150 on average instead of about NIS 25 on average).

We recommend that you do a market survey among the various banks to compare their fee rates.

How can I join the fee tracks service?

Through the bank's website, through their call center, or by contacting the branch.

Why am I not joined automatically to the lower-cost basic fee track?

Joining a track may not be worthwhile for some customers, such as those who have an account with no fees at all. Therefore, the responsibility of examining the worthwhileness of joining the service falls to the customer. However, it should be noted that for some customers, the Banking Supervision Department has instructed the banks to join them automatically to the basic fee track. These include customers who are senior citizens² or who have disabilities.³

Before a person is joined automatically to the service, the bank must, at its own initiative, make sure that joining the track is actually worthwhile for the customer and that it lowers the customer's account management costs. Joining the customer to the service is done once a year, on March 1.

Who is automatically joined to the low-cost fee track—basic or expanded?

In order to support small business owners, the Banking Supervision Department instructed the banks to **automatically** join small businesses and licensed enterprises to the basic or expanded fee track (whichever is more worthwhile for that customer). Small business and licensed enterprises will be joined to the tracks this year for the first time on August 1, 2019, and thereafter every year on March 1.

Here, too, the bank must, at its own initiative, make sure that it is worthwhile for the customer and that it lowers the customer's account management costs.

² Women over age 62 and men over age 67.

³ A customer who shows the bank confirmation from the Ministry of Defense or the National Insurance Institute

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Doing your banking through digital or direct channels

What are the advantages to banking through direct channels?

Another way to lower current account management costs is by doing your banking transactions through direct channels. Beyond cost savings, there are other advantages to the direct channels:

- Convenience
- Availability for carrying out transactions from any place at any time.

How do they lower my costs?

Pursuant to the Banking Supervision Department directive, **all transactions** carried out through direct channels (such as ATMs, the bank's website, smartphone application, computerized telephone response) shall be **comprehensively less expensive** than the same transaction executed through a teller.

For instance, the fee for making a bank transfer, withdrawing or depositing cash, and depositing checks through direct channels is about NIS 1.5 on average, compared with about NIS 6 through a teller, for an average **75 percent savings**.

In addition, for customers executing securities transactions, the move to digital is significant. For instance, the commission for purchasing, selling, or redeeming securities will be **10–53 percent lower** if done through direct channels than if the same action is done through a bank clerk.

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Debit cards

The most common payment card among most households is a deferred payment card, commonly referred to as a **credit card**.

In general, there are various costs associated with the use of a credit card, such as current payments for monthly usage fees (card fees) paid each month. In addition, commissions are collected for specific transactions executed by the customer (interest for purchases made on installments, foreign exchange withdrawals abroad, transactions abroad, handling an unjustified denial of transaction, early or immediate payment for transactions, issuing a replacement card, and third party expenses).

Purchases made on installments

Please note that a purchase made on interest-bearing installments—commonly referred to by the public as "credit"—is **a loan for all intents and purposes**, and you should properly consider whether it is worthwhile to make a purchase in this manner.

Before making a decision to spread the purchase into installments, examine all of the possible ramifications. As a rule, for regular current expenses, such as expenses on groceries, it is suggested that you pay in one payment.

Spreading a purchase into installments is logical for one-off purchases. Regular purchases in installments may make it difficult to monitor regular expenses.

Assuming that there is a large expense, and you wish to spread it out into installments, clarify with the merchant how many **interest-free** payments the purchase can include. If payment is made on "credit", it is worth checking the interest rate collected by the credit card company and comparing it to the possibility of taking out a loan.

For more information on loans, please view our guide: "[Taking Out a Loan?](#)"

Card usage fees

Closely examine the fixed usage fees you are paying on the card, and don't hesitate to contact the credit card company to **bargain with them and lower the cost**, whether by making a high amount of transactions on the card over time or through a benefit given to a particular segment such as soldiers, students, various consumer clubs, an arrangement with your place of work, and so forth.

Debit card

Another payment card is an immediate debit card—**debit card**—which is meant for payments and purchasing products, where the customer's bank account is charged for the transaction amount **immediately**, in contrast with deferred debit (credit) cards where the charges are made once a month.

As per the Banking Supervision Department directive, a customer who holds both a credit card and a debit card issued by the same banking corporation is entitled to a full exemption from usage fees on the debit card for three years.

For a customer who holds only a debit card, the usage fees on the card will be lower than those charged for a credit card.

Revolving credit card

Credit card companies offer us revolving credit cards, which carry the possibility of rolling over some of the charge to the following month, and to control the level of the monthly charge. Despite the great temptation involved, please note that rolling the charge over, in most cases, involved **relatively high interest** and constitutes a loan for all intents and purposes.

Make sure that you **monitor your income and expenses**, and if you are planning a large expense, it is worth preparing for it in advance without rolling the charge over.

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Foreign exchange

Tips for those traveling abroad

Purchasing foreign currency

- Purchasing foreign currency at the airport is generally more expensive than purchasing it before going to the airport.
- We recommend that you compare the cost of withdrawing foreign currency from an ATM and the cost of purchasing it from a commercial bank, the postal bank, or a money changer.

The use of payment cards abroad

- Fees may differ. When using a payment card abroad (to make a purchase or withdraw cash), there are fees charged by the credit card companies.
The fees charged by each company differ. We therefore **recommend that you compare between the credit card companies** regarding the fees they charge for transactions, and separately regarding the fee for withdrawing foreign currency.
There are credit card companies that give benefits for membership in clubs, and it is worthwhile looking into them.
Comparative information regarding various rates is published in [the semi-annual report on the prices of common household banking services](#) (in Hebrew).
- Double conversion fee. Anyone managing a current account in shekels should note that when withdrawing cash abroad that is in a less common currency (other than the US dollar, the euro, or the British pound), the customer will be required to pay the credit card company a double conversion fee—from the local currency to the dollar, euro, or pound, and from the dollar, euro, or pound, to the shekel.
- Monitoring the itemized credit card statement. After returning to Israel, it is important to check the credit card statement and verify that the amounts charge to the account for transactions and withdrawals abroad match the information in your possession. You can also do so during your trip through the website or application of the bank or the credit card company.