

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

March 4, 2023

**For the third time, the Bank of Israel extends and expands the comprehensive assistance program adopted by the banks for dealing with the ramifications of the Swords of Iron war**

Bank of Israel Governor Prof. Amir Yaron said: “Since the beginning of the Swords of Iron war, the Bank of Israel has taken a broad set of actions to support activity in the markets and to assist households and businesses. The loan repayment deferral program, which was adopted by the banking system, is an important part of the this set of measures that the Bank of Israel has devised to help many households and businesses hurt by the events of October 7 and the resulting war. The program enables them to create a cashflow bridge to help them get through this difficult period. The program thereby helps the economy as a whole to better recover from the difficulties that have resulted from the war. The Bank of Israel will continue to constantly monitor the state of the economy in view of the war, and will act as necessary to support the economy. I thank the professional team at the Banking Supervision Department, which has led this significant step, and the banking system as a whole for joining the assistance efforts and extending the program once again.”

Supervisor of Banks Daniel Hahiashvili said: “The State of Israel is still dealing with the complex security situation. As such, we decided to continue making things easier for customers and to extent the comprehensive program adopted by the banks, for a third time, in order to provide unique assistance to reserve soldiers. The additional extension, which includes additional population groups among those who are eligible, is intended to assist those who still need an easier cash flow in order to successfully manage the effects of the war. Since the cumulative deferral period may be relatively long, I call on the public to properly examine the need for deferring loan repayments, even if the deferrals do not include interest or fee charges, and to prepare for returning to a proper payment routine. The Banking Supervision Department will continue to closely monitor the data and the enquiries coming from the field, and will act accordingly as necessary. I thank the banking system for its involvement in further expanding the program, and for providing additional assistance to its customers, beyond the uniform program.”

Background and data:

About a week after the outbreak of the war, the Bank of Israel announced a [comprehensive program](https://www.boi.org.il/en/communication-and-publications/press-releases/c15-10-23/) to ease the burden of credit and fees, which was adopted by the banks, with the aim of helping customers in dealing with the consequences of the war. A few weeks after the war started, and in view of the fact that residents of the north were also evacuated from their homes, [the program was expanded](https://www.boi.org.il/en/communication-and-publications/press-releases/a08-11-23/) to include residents of the north. In view of the continuation of the war, the Bank of Israel announced [a further three-month extension of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/a17-12-23/), which was adopted by the banks, and expanded the program to additional population groups.

As of January 31, 2024, payments on about 306,000 loans totaling about NIS 5.5 billion have been deferred. Of those deferrals, about 40 percent are by households, most of which were for housing loans, with the remainder by the business sector (of which 40 percent for micro businesses, 21 percent for small businesses, and the rest for medium and large businesses).

**From the publication of this notice until march 31, 2024, the population eligible for this program includes the following groups:**

First-degree customers: People who live or own a business that is located within up to 30 km from the Gaza Strip; people evacuated from their homes by an official state agency as of November 7, 2023 and who live in one of the localities that appear on the lists published on the Bank of Israel website; people serving in the IDF reserves and those mobilized under emergency orders; accounts of people who are kidnapped or missing; people who are first-degree relatives (spouse, parent, sibling, child) or someone killed in the war or kidnapped or missing; victims from the Nova festival.

Second-degree customers: Everyone else.

**Leniencies:**

The program enables first-degree customers to defer payments on loans and mortgages[[1]](#footnote-1), to obtain an exemption from most fees, and to obtain an exemption from interest on negative balances up to predefined amounts in current account, for a period of 3 months from the date they join the program.

Other customers (“second-degree customers”) are given the option to defer loan and mortgage repayments for three months, with no fees, with the deferred payments bearing interest that is not to exceed the interest rate in the loan contract.

Extension and expansion of the program:

In view of the continuation of the war and its consequences for customers’ financial conduct, and with a desire to provide special leniencies to reserve soldiers, the Bank of Israel announces a further expansion of the program, which has been adopted by all the banks, as follows:

* **Extending the existing program (as is) by an additional three months, from April 1, 2024, for both population groups – first-degree and second-degree customers**, similar to the original terms of the program published on the [Bank of Israel website](https://www.boi.org.il/en/bank-of-israel/iron-swords/boi-outline-banks2024/).
* **Additional first-degree customers:**
  + - The accounts of residents from 8 localities in the north whom the government has decided to evacuate from their homes but who have not yet been evacuated.[[2]](#footnote-2)
    - IDF reserve soldiers who have been hospitalized for a period of at least 7 days due to injuries sustained during the war.[[3]](#footnote-3)
    - Accounts of those who participated in the “Psyduck” festival and those involved in the preparatory meeting for the “Midburn” festival.[[4]](#footnote-4)
* **In reference to first-degree customers, the terms of the program will be expanded between April and June as follows:**
  + - Reserve soldiers will be exempt from interest on negative balances in their current accounts (provided the customer was in overdraft prior to the publication of the current program) for negative balances up to NIS 10,000, for a period of three months, in accordance with actual negative balances. The customer’s account must be identified as belonging to a reserve soldier based on the reserves grant being paid into the account in January 2024.
    - Benefits to reserve soldiers provided by the bank with no need for documentation – Benefits to which reserve soldiers are eligible based on the program (exemption from fees and absorption of interest on negative current account balances and in business accounts, in accordance with the terms of the program) will be initiated by the bank for a period of three months, similar to other population groups that could be identified without documentation. The customer’s account must be identified as belonging to a reserve soldier based on the reserves grant being paid into the account in January 2024.

The expansion of the program for an additional three-month period will come into force on April 1, 2024, and requests to be included in the additional program can be submitted between April 1, 2024 and June 30, 2024.

**To be clear, before making a decision to defer payments, particularly for customers who have already deferred payments as part of the program, you should closely examine the need for a further deferral and its implications, including its overall economic price,** in terms of the cumulative monthly charge following the deferral, the interest cost (for second-degree customers), and so forth.

To be clear, the program presents the **minimum conditions**, and each bank is permitted to expand it for its customers, as most of the banks have done. The Banking Supervision Department encourages them to continue to do so.

**Appendix A - Expansion of the comprehensive assistance program, adopted by the banks, for dealing with the consequences of the Swords of Iron war, as of April 1, 2024**

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| **First-degree customers**  **Customer groups:**   1. **People who live or own a business within 30 km of the Gaza Strip.** 2. **People evacuated from their homes by an official entity as of November 7, 2023, and those who live in a locality that appears on the lists published on the Bank of Israel website, or those who live in one of the localities that the government has decided to evacuate but who have not yet been evacuated, in accordance with the list published on the Bank of Israel website.** 3. **Accounts of kidnapped or missing victims\*;** 4. **People who are first-degree relatives (spouses, parents, siblings, and children) of those killed in the war or kidnapped or missing;** 5. **People serving in the reserves or mobilized through emergency mobilization orders.\*** 6. **People who participated in the festivals: the Nova festival in Re’im, the Psyduck festival; and the preparatory meeting for the Midburn festival.\***   \* Information regarding belonging to this group is received in accordance with a customer’s declaration or presentation of appropriate documentation, per the bank’s decision. With regard to small businesses, in accordance with the characteristics published by the bank. Benefits for which reserve soldiers are eligible will be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the reserves grant paid into the account in January 2024. | | | | |
| **Leniencies with regard to credit:** | **Type of credit** | **Payment deferral period** | **Maximum interest rate** | **How payments are spread out** |
| **Mortgages[[5]](#footnote-5)** | A customer who has deferred payments for 6 months will be eligible to defer for an additional 3 months subject to submitting a request, such that the total deferral period will be 9 months.[[6]](#footnote-6)  A customer who has not deferred payments based on the program shall be eligible for a 3-month deferral subject to submitting a request. | There will be no interest charged in respect of the deferral amount. | Mortgages  Three alternatives at the bank’s choice:   * Spread payments over the remaining mortgage period. * Extending the mortgage period. * Providing an interest-free loan for the deferred amount, for a period of at least 4 years, with repayments beginning one year after the end of the deferral.   Consumer and business credit  Adding payments at the end of the loan period. |
| **Consumer credit, cumulative up to NIS 100,000** |
| **Business credit[[7]](#footnote-7) up to NIS 2 million** |
| **Negative balance (overdraft) in a household current account, up to NIS 10,000** | 3 months | 0% interest | Clarification: The benefit is given to first-degree customers (including reserve soldiers) who, prior to the publication of this extension (March 3, 2024), had a negative balance in their current account.[[8]](#footnote-8) |
|  | **Negative balance (overdraft) in a business current account, up to NIS 30,000** | 3 months | 0% interest | Clarification: The benefit is given to businesses with a turnover of up to NIS 5 million, which belong to any of the groups of first-degree customers, and which, prior to the publication of the expansion of the program (March 3, 2024), had a negative balance in their current account. Such businesses shall be exempt from paying interest on negative balances[[9]](#footnote-9) in the business account up to NIS 30,000, for a period of 3 months, subject to providing documentation if the information is not in the bank’s possession. |
| **Leniencies with regard to fees:[[10]](#footnote-10)** | Blanket 3-month exemption from fees in respect of transactions made by first-degree customers, other than transactions involving foreign exchange, securities, foreign trade, or diamonds (as detailed in the footnote). | | | |
| **Second-degree customers**  **All other bank customers** | | | | |
| **Leniencies in the credit field:** | **Mortgages[[11]](#footnote-11)** | * A customer who has already received a 6-month deferral shall be eligible for a further 3-month deferral subject to submitting a request, such that the total deferral period will be 9 months.[[12]](#footnote-12) * A customer who has not yet exercised his eligibility to defer payments shall be eligible for a 3-month deferral subject to submitting a request. | The contractual interest rate[[13]](#footnote-13) | Spreading payments out over the remaining loan period, or extending the loan period, at the customer’s choice.[[14]](#footnote-14) |
| **Cumulative consumer credit up to NIS 100,000** |
| **Business credit up to NIS 2 million** |
| **Fees** | Payments will be deferred without fees being charged. | | |

Clarifications:

* The program’s extension takes effect on April 1, 2024 in order to allow each bank to prepare, and will last for the period allocated in the program.
* Payment deferrals require the customer to contact the bank and submit a request in the manner set forth by the bank.
* This program does not apply to a borrower involved in legal proceedings. Borrowers who were in arrears at the time of publication of this outline will be allowed to delay payments for a period not exceeding 180 days from the date the arrears began.
* Benefits for reserve soldiers based on this program (exemption from fees and absorption of interest on negative current account or business account balances) shall be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the reserves grant paid into the account in January 2024.
* Insofar as it is possible to make a customer-initiated enquiry to the bank unnecessary in implementing the outline, including in the area of fees, this should be prioritized.
* This outline presents the minimum conditions, and each bank is permitted to expand upon it to benefit its customers and at their request.

1. Mortgages to an unlimited amount; consumer credit – cumulative up to NIS 100,000; business credit up to NIS 2 million. [↑](#footnote-ref-1)
2. The localities are: Abirim, Avadon, Alma, Kerem Ben Zimra, Alkosh, Fassuta, Hurfeish, and Reihanya. These have been added to the list that appears on the Bank of Israel website. [↑](#footnote-ref-2)
3. Subject to providing documentation from an authorized official source (IDF or hospital). [↑](#footnote-ref-3)
4. Subject to providing the bank with documentation from the National Insurance Institute that the customer is recognized as a victim of terrorism. [↑](#footnote-ref-4)
5. In relation to a first home or those upgrading their housing only. [↑](#footnote-ref-5)
6. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-6)
7. Business credit of a business with turnover of up to NIS 25 million, excluding loans in commercial cooperation with a third party. Regarding business credit with a remaining term to repayment of more than 3 years, payments can be spread out in the manner set out with regard to mortgages. [↑](#footnote-ref-7)
8. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-8)
9. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-9)
10. The fees that appear in the following sections, with regard to the banks, in the Banking (Service to the Customer)(Fees) Rules, 5768-2008:

    Section 1 – Current Account (in its entirety)

    Section 2 – Information, notices, and warnings (in its entirety)

    Section 3 – Credit (in its entirety)

    Section 6 – Credit cards (in its entirety, excluding fees – (7) foreign exchange transactions, (8) foreign exchange withdrawals abroad, (9) foreign exchange purchases from abroad)

    Section 9 – Fees for handling estates and wills, fees for withdrawing cash (from a remote ATM and by a prepaid card). [↑](#footnote-ref-10)
11. In relation to a first home and those upgrading their housing only. [↑](#footnote-ref-11)
12. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-12)
13. Deferral of payments is subject to interest for the deferral period. Therefore, before making a decision to defer payments, it is important to examine the implications of the deferral, including the economic price of the deferral (in terms of interest, monthly payment amount after the deferral, and so forth), in order to make an informed decision. [↑](#footnote-ref-13)
14. The manner of spreading out the loan is subject to technical limitations derived from the bank’s computer system and subject to supervisory restrictions. [↑](#footnote-ref-14)