

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

January 24 , 2016

**Press Release**

The Semiannual Report on Common Banking Service Fees for Households was Presented to the Knesset Economic Affairs Committee

The Banking Supervision Department’s semiannual report to the Knesset Economic Affairs Committee presents the prices of common banking services for households, and is based on reports by the banks and credit card companies of actual revenue from fees they collected in the first half of 2015.

**The highlights of the report:**

**The cost for basic and common services for a household’s account is low and on a trend of decline**

* The monthly cost to maintain a current account and receive information was NIS 14.6, on average, for a household account
* The monthly cost for holding and using a credit card was NIS 10.5, on average.

**The price for a basket of common services based on a standard activity profile index[[1]](#footnote-1) declined in recent years**

**Based on the standard activity profile index:**

* **In the past five years, there has been a decline of about 18 percent in expenditure on fees.** In the first half of 2015, the expenditure totaled NIS 13.5, compared with a total of NIS 16.4 in 2010.
* **A comparison based on a standard activity profile in a current account reveals wide variance among the banks.**
* **Joining the basic track, in the fee tracks service, reduces expenditure on fees,** except at two banks.

**The average cost for holding a credit card was about NIS 7.4 per month. Over the past five years it has remained essentially unchanged.**

In the first half of 2015, the average actual monthly cost of holding a domestic, international, or gold credit card in the banking system amounted to approximately NIS 7.4. Over the past five years, there has been a nominal increase of about only 2 per percent in the cost of holding a card.

**Customers have many means to reduce the costs of maintaining a current account**

* **Direct banking:** The cost of customer-executed banking services is about 75 percent lower than the teller-executed cost of the same services.

The use of direct channels has several additional advantages to the customer, beyond the lower prices: accessibility and convenience in receiving most services. These advantages enable customers to very easily keep tabs on their financial situation.

* **Tracks:** The least expensive and most worthwhile way for a household to manage a current account is to join a fee track, which is straightforward and easy (at the branch, via telephone, or via the banking corporation’s website), and the Banking Supervision Department urges customers for whom the service is relevant, to join the fee tracks service.

**The banking “identity card” is starting up and will enable customers to compare fees and to easily receive competing offers**

**The banking identity card is a means to provide consolidated information to a customer in the framework of one comprehensive report, including the area of fees, which is intended to help a customer make informed consuming decisions,** to improve customers’ ability to monitor the activity in their account, to increase the ability to compare various banking products and services, to prompt consumers to act, and to help them act to improve their terms. The report for 2015 will be provided to customers by February 28, 2016, at the latest.

The Bank of Israel urges the public to examine and compare the terms offered by the various banks and has made a variety of tools available to consumers on its website, including savings tips, calculators, and comparative tables:

[http://www.boi.org.il//en/ConsumerInformation/Pages/Default.aspx](https://e.boi.org.il/en/ConsumerInformation/Pages/Default.aspx)

**The Semiannual Report on the Prices of Common Banking Services for Households**

Detailed Report

**Comparison of Common Current Account Fees and Comparison of Basic Track and Expanded Track Prices at Various Banks[[2]](#footnote-2):**

**Direct banking offers savings: The cost of a teller-executed transaction and of a customer-executed transaction in the banking system**



**The cost of a customer-executed banking transaction is about 75 percent lower, on average, than the cost of a teller-executed transaction.**

**“Teller-executed transaction”** includes all of the following activities: depositing cash, withdrawing cash, printing and providing an account statement at the customer’s request, transferring or depositing into a different account, redeeming a check, depositing a check (for each group of up to 20 checks), payment of a coupon, obtaining change for cash.

This fee is charged when the above activities are carried out by a bank teller, including by way of a manned call center.

**“Customer-executed transaction”** includes all of the following activities: crediting an account via a clearing house, charging a credit card, depositing cash through an automated machine, transfer or deposit into a different account, payment of a coupon, information query on any issue (from the seventh query per month), withdrawing a check, depositing a check (for each group of up to 20 checks), including by way of the service box, standing bank order or authorized debit.

This fee is charged when the above activities are carried out by the clearing house, bank device, or the bank’s website.

* Customers who are interested in reducing the cost of the fees they pay can switch to the technologically advanced means offered by direct banking.
* Use of direct means has several advantages to the customer: greater accessibility (24/7) and maximum convenience in receiving services, which allows customers to more easily keep tabs on their financial situation.

**Fee schedule comparison: The tracks service (basic and expanded) in the banking system**



The **basic service track** includes up to 10 customer-executed transactions and up to one teller-executed transaction. Its price is supervised and cannot exceed NIS 10.

The **expanded service track** includes up to 50 customer-executed transactions and up to 10 teller-executed transactions.

**The basic service track enables customers to save: Cost of the track vs. paying for one teller-executed transaction and ten customer-executed transactions, per month, NIS**



* The cost of the basic track incorporates a discount compared with the fee schedule rate for customer-executed and teller-executed transactions.
* It is recommended that even customers who execute a number of transactions that is lower than the number of transactions included in the basic track should examine the worthwhileness of joining the basic track.
* Customers who execute a number of transactions that is greater than the number of transactions included in the basic track should also examine the worthwhileness of joining.

**The expanded service track allows large savings for households and small businesses: The cost of the track vs. paying for 10 teller-executed transaction and 50 customer-executed transactions, per month, NIS**



* On the expanded track, the savings to the customer can reach up to tens of shekels per month.

**The cost of basic services for a household account is low**

In accordance with data reported to the Banking Supervision Department by the banking corporations:

* **The monthly cost of managing and receiving information on a household’s current account** totaled about NIS 14.6, on average. This cost includes all the services in the current account and all information services regarding the account, and particularly the following common services: teller-executed transaction, customer-executed transaction, tracks service, check transactions, issuing reports, receiving information by means of communication, locating documents.
* **The monthly cost of holding and using a credit card** totaled NIS 10.5, on average. This cost includes all the services related to a credit card, and particularly the following common services: card fee, withdrawing foreign currency abroad, transactions abroad, etc.

**Development of basket of common fees (standard activity profile)**

**How the standard activity profile is calculated:** An index reflecting common activity in households’ current accounts, by weighting 10 customer-executed transactions and one teller-executed transaction.[[3]](#footnote-3)

**Development of basket of fees (standard activity profile) for common services in a household’s current account in the banking system, 2010–June 2015**



* In the past five years, there has been a decline of about 18 percent in expenditure on fees, based on the Standard Activity Profile. (In the first half of 2015, expenditure totaled about NIS 13.5, compared with about NIS 16.4 in 2010.)

**There is variance among banks in the cost of the basket:**

**The average monthly cost of common services in a household current account in the banking system, based on a Standard Activity Profile, NIS, First half of 2015**



* In the overall banking system, the lowest expenditure on fees, based on the Standard Activity Profile, is at Bank of Jerusalem (NIS zero), while Mercantile Bank is the most expensive (about NIS 21.3).
* Among the five largest banks, the expenditure on fees, based on the Standard Activity Profile, is least expensive at Bank Hapoalim (about NIS 13.1) and the most expensive is First International (about NIS 17).
* Comparing the Standard Activity Profile, on a monthly average, as of the first half of 2015, indicates that except for two banks (Bank Massad and Bank Yahav), the basic service track is lower compared with the Standard Activity Profile.

**The average actual monthly cost of holding a credit card**

**How the average monthly cost of holding a credit card is calculated:** Total card fees collected by credit cards and banks for holding a credit card (domestic, international, and gold) relative to the number of credit cards, for one month.

**Development of the average actual monthly cost of holding a credit card (domestic, international, and gold) in the banking system, NIS, 2010–June 2015**



* During the first half of 2015, the average actual monthly expenditure for holding a credit card (domestic, international, and gold) in the banking system was approximately NIS 7.4, similar to 2014. In the past five years there was a nominal increase of only about 2 percent in the cost of holding a credit card, (a decline in real terms of about 3 percent).

**The banking “identity card” will enable customers to compare fees and receive competing offers very easily**

On February 28, 2106, a new directive will go into effect, covering annual reports to banking corporation customers (hereinafter, banking “identity card”). The directive defines, for the first time, a new report (a summary report and a comprehensive report) that is consolidated and concentrated, and in a uniform format. Within the framework of this report, customers will be presented with their total assets, liabilities, and ongoing activities in their account, as well as expenditures on fees. This report will be provided to customers at the banking corporation’s initiative once per year, as well as when a customer is examining the worthwhileness of transferring an account from one bank to another.

The report will disclose, among other things, the amounts that were collected for various services, arranged by area of activity: current account, credit, securities, etc. Likewise, the customer will be presented, with regard to each fee separately, the number of transactions that were executed and the annual average of the fee. The manner of presentation of the information in the reports (summary and comprehensive) can be found in **Appendix A**, attached.

**Providing consolidated data to the customer within the framework of one inclusive report, including the area of fees, is intended to help customers make informed consuming decisions,** to improve their ability to monitor activity in the account, to bolster their ability to compare various banking products and services, to prompt them to take action, and to assist them in acting to improve their conditions. The report for 2015 will be provided to customers by February 28, 2016 at the latest.

The Banking Supervision Department urges the public to make use of the comparisons presented here, the calculators (including the fee tracks calculator), the savings tips, and the other comparisons found on the Bank of Israel's website at [http://www.boi.org.il/en/ConsumerInformation/Pages/Default.aspx](https://e.boi.org.il/en/ConsumerInformation/Pages/Default.aspx) in order to examine the terms offered by the various banks, conduct negotiations with a bank or credit card company, and to make decisions regarding the banking corporation where it is most worthwhile for them to manage their account.

**Appendix A: Manner of presenting the information in the annual report to bank customers: “Banking Identity Card”**

**Banking Identity Card: The table in the summary report:**

|  |
| --- |
| **4. Fees** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Name of Fee** | **Total yearly amount paid for fees** | **Number of transactions made / transaction amount** | **Yearly fee average (amount/rate)** |
| **Current Account Fees** | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Credit Fees** | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
| **Securities Fees** | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
| **Other Fees** | | | | |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total** |  |  |  |  |

**Banking Identity Card: The chapter in the detailed report:**

**Chapter F – Fees**

**Fees—General (except for the purchase, sale, redemption and management of (Israeli and foreign) securities):**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of fee** | **Actual fee amount**  **(amount / rate)** | **First half** | | **Second half** | | **Yearly** | |
| **Number of transactions made / transaction amount** | **Amount paid for fee** | **Number of transactions made / transaction amount** | **Amount paid for fee** | **Number of transactions made / transaction amount** | **Total yearly amount paid for fees** |
| **Current account fees** | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Credit fees** | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Securities fees** | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Other fees** | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Total for the period** |  |  |  |  |  |  |  |

**Purchase, sale, redemption and management fees for (Israeli and foreign) securities:**

Details of commissions on the purchase, sale, and redemption of (Israeli and foreign) fees collected from your account during the months xx/xx/xx to xx/xx/xx:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Name of security** | **Type of transaction**  **(purchase/sale/redemption)** | **Quantity** | **Transaction amount (NIS)** | **Fee amount (NIS)** | **Fee rate1** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  | **First half total** |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  | **Second half total** |  |  |
|  |  |  |  | **Yearly total** |  |  |
| 1 Actual fee rate | | | | | | |

Details of securities management fees (Israeli and foreign) collected from your account during the months xx/xx/xx to xx/xx/xx:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of security** | **Security value (NIS) by which management fees were calculated** | **Holding period1 (dates)** | **Number of holding days** | **Fee amount (NIS)** | **Fee rate2** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  | **First half total** |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  | **Second half total** |  |  |
|  |  |  | **Yearly total** |  |  |
| 1 Relating to securities held during various holding periods, the method of calculating the number of holding days for setting the fee amount is as detailed  below: … (to be completed by the banking corporation).  2 Actual yearly fee rate. | | | | | |

1. The composition of activities in the standard activity profile index was revised to include one teller-executed transaction (as opposed to 0.7), in order to maintain full consistency with the composition of activities included in the basic track. Accordingly, the calculations with regard to previous years presented in the report were revised. The calculation of the standard activity profile excludes accounts that belong to a fee track, and does include transactions beyond the limit in accounts that do belong to a fee track. [↑](#footnote-ref-1)
2. The data are in shekels and are as of January 1, 2016. [↑](#footnote-ref-2)
3. See footnote 1. [↑](#footnote-ref-3)