

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

July 31, 2024

**Periodic report on the prices of common banking services to households, 2023**

The Banking Supervision Department today submitted to the Knesset Economics Committee its periodic report for 2023 on the prices of common banking services to households. The Report is based on reporting from the banking corporations and the credit card companies regarding the fees charged during 2023.

The Swords of Iron War broke out during the reviewed period, and the report includes its effects. In this context, it is worth noting the Bank of Israel’s program to assist customers of the banking system due to the war.[[1]](#footnote-1) The program contains a variety of assistance measures for the public, including measures in the area of fees. Customers who are directly impacted by the war and are defined as “first-degree” customers are eligible for a full exemption from most common fees, as described in the program. These include deferred loan repayments with no fees. Second-degree customers are also eligible to defer loan repayments with no fees. As detailed below, the leniencies in the fees area are reflected in a decline in the cost of maintaining a current account. We hope that this leniency has helped the public deal with the ramifications of the war. As of today, the program is expected to continue until the end of September 2024.

The banking corporations are permitted to charge fees only for services included in the Banking (Service to the Customer)(Fees) Rules, 5768–2008. The banking service fee rate schedules are published on the banks’ websites, and enable customers to clarify the cost of banking services and to compare between banks. An amendment to these rules is being published today, including a series of updates[[2]](#footnote-2) that will affect customers. The main revisions are:

* The “bank guarantee” fee – The charge mechanism has been updated from a percentage mechanism to a fixed shekel amount. The update sets out that a bank guarantee backed by a specific monetary deposit for the purpose of a residential service agreement (with a guarantee amount of up to NIS 50,000) shall be lower than the “bank guarantee backed by a monetary deposit” service price. This is because the operation is simpler, and also out of a desire to make it easier for those renting their dwellings.
* With the aim of providing greater flexibility in the provision of service, a section was added to enable the banking corporation to put into effect a customer’s request to join the tracks service or to cancel it prior to the first of the month following the customer’s request, provided that a reasonable and fair mechanism to calculate the relative portion of the fee to be charged for the part of the month not in the service is published.
* “Finding documents at the customer’s request” fee – The option of charging for each page has been removed.
* Benefits for online banking – Appendix E of the fee schedule has been expanded to enable the inclusion of additional benefits in the prices of services offered through online banking channels.

The Banking Supervision Department is in the midst of examining securities fees, through discussion with regulators and other interested parties, and will publish its decision on the matter once the examination is complete.

**The main points of the report:**

* In the first half of 2023, there was a slight decline in the ratio between total fees income and total assets of the banking system. This decline was mainly influenced by the lower growth of fees income than of total assets in the system. This growth in fees income was mainly due to fees charged from large businesses, as a result of the increase in their volume of activity. In contrast, there was a decline in fees charged from individuals and small businesses in respect of securities activity and credit. It should be noted that, in general, the ratio of fees income to total banking system assets is in a cumulative downward trend that began following the fees reform in 2008. Since that time, there has been a cumulative decline of about 48 percent. This decline is partly attributed to the cumulative total of Banking Supervision Department activities in the fees area over the past few years.
* The average cost of maintaining a current account and holding a payment card in the account was NIS 27.6 per month in 2023 (an increase of NIS 0.4 per month relative to 2022). Most of the increase was due to an increase in foreign exchange transactions made by the public using payment cards. In contrast, there was an average decline of NIS 0.7 per month in the cost of current account and information transactions relative to 2022. This decline was mainly due to the fee leniencies issued to customers as part of the assistance program to bank customers in dealing with the implications of the Swords of Iron War.
* For the first time, this report presents the prices of purchase, sale, and redemption fees on Israeli securities (shares and bonds) as actually charged, by portfolio value, rather than the fee schedule prices. We hope that the presentation of this comparative information to customers, together with the data that have already been presented on the prices of management fees actually charged on Israeli security deposits, by portfolio value, will help customers compare prices and improve their terms.

1. https://www.boi.org.il/en/bank-of-israel/iron-swords/boi-outline-banks/ [↑](#footnote-ref-1)
2. <https://www.boi.org.il/roles/supervisionregulation/legislation/159a1/> (in Hebrew) [↑](#footnote-ref-2)