



November 13, 2018

Circular Number C-06-2576

To:

The banking corporations and credit card companies

Issue: Transferring Activity and Closing a Customer's Account
(Proper Conduct of Banking Business Directive no. 432)

Introduction

1. With the goal of easing the process of closing an account or transferring the activity, the need arose for amending this Directive.
2. In view of the above, and after consulting with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended this Directive.

The main updates to the directive

3. Section 8 of the Directive refers to activities required from a bank due to a customer's request to act to close the customers' account or to transfer the activity to another bank. Various updates to the section were made.

Explanation

- a. Subsection (a)—in this subsection the words “an agreement to provide instructions by way of telephone or fax” were replaced by the words “an e-banking agreement, as defined in Proper Conduct of Banking Business Directive no. 367”. In addition, with the goal of encouraging customers interested in closing an account or transferring activity to another bank to make use of online channels, a requirement of the bank was added, that it is to clarify to the customer that joining the service is likely to assist the customer in submitting a request and to provide instructions remotely without arriving at the branch.

To remove any doubt, recall that as established in Supervisory Circular C-06-2509, a customer may be added to an e-banking agreement via the Internet, application, recorded conversation, or automated telephone response, without having to arrive at the branch to join the service. It was also established that it will be possible to submit a request to close an account or transfer activity at any branch of the bank.



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- b. Subsection (c)—an option was added for customers to shred the checkbooks in their possession as an alternative to bringing them to the bank.
 - c. Subsection (e)—it was clarified in this section that the bank is to take the measures necessary to receive the consent of all the owners of an account, without requiring them to arrive at the branch. The need for the clarification derived from the desire to balance the need to make things easier for the customers, saving them from the bother involved in arriving at the branch, and the need for complying with the obligations of trust and caution imposed on the bank vis-à-vis all the account owners.
 - d. Subsection (g)—the requirement for submitting a copy of the customer’s request was replaced by a requirement for submitting written documentation of the customer’s guidelines, in order to enable the customer to give instructions via phone and to a clerk.
4. Section 9 of the directive establishes the activities that a bank is permitted to ask a customer to carry out as a condition for closing the account. Various updates were made in the section.

Explanation

- a. To remove any doubt, it was noted in the Directive that the bank may condition the closing of the account or transferring of the account on there not being any reason to prohibit it by law.
- b. Subsection (e)—after the word “concern”, the word “reasonable” was added. This was in order to reduce as much as possible the cases in which the customer is required to arrive at the bank branch as a condition for closing the account or transferring the activity.

Effective date

5. The directive will go into effect a month after its publication.
6. Attached please find update pages to the Proper Conduct of Banking Business Directive file. Following are the update pages:

Remove page

(2/16) [8] 432-1-6

Insert page

(11/18) [9] 432-7

Sincerely,

Dr. Hedva Ber
Supervisor of Banks