

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

September 19, 2021

**Questions and answers: Rapid and online switching from one bank to another**

[Link to website](https://www.switchbank.org.il/)

**General information**

1. **What is the new service based on the online system for switching between banks?**

This service enables customers to switch their financial activity from one bank to another, online and at no cost. This can be done by submitting a transfer request at the bank in which the customers want to concentrate their financial activity, without having to go into the branch. The bank to which the transfer request is submitted (the new bank) contacts the original bank (the old bank) and manages the activity transfer process directly with it.

1. **What is the goal of the online service?**

Reducing barriers to customers transferring between banks with a simple, safe, and convenient method for the customer, with the goal of:

* Improving the terms of service for the customer and thus enhance competition
* Strengthening the negotiating power of the customer vis-à-vis the bank
* Enabling customers, should they be interested in it, to easily and conveniently switch banks, while maintaining the continuity of financial services to the extent possible.

1. **What are the main principles underlying the transfer between banks, through the online system?**

* The process of transferring financial activity between banks is to be rapid, online, convenient, reliable, secure, and at no cost.
* In general, the switching process is to be completed within 7 business days from the day a valid request to switch is submitted.
* A “Follow me” (= routing) mechanism will be operated—debits, credits, and check deposits that will arrive at the old account, after the switch, will be routed automatically to the new account for 2 years from the date of the switch.
* The customer will have a single address for dealing with the entire transfer process—the bank to which the activity is transferred (even in a case of problems in the process of transferring the activity).
* The start date of transferring via the online system is September 22, 2021.

**Information on the process of transferring the activity**

1. **How is the request to transfer the activity submitted?**

In order to transfer the activity from one bank to another, confirm that there is an active account at the bank to which the activity is to be transferred. Then enter the website or application of the bank to which you want to transfer the activity and submit a request accordingly.

1. **Which accounts will it be possible to switch through the online system?**

Most current accounts for households will be able to be transferred.

1. **Which accounts will not be possible to switch through the online system?**

Corporate accounts or accounts in which there is some complication or legal issue that holds them up, such as a foreclosed account or trustee accounts managed by a guardian.

1. **Must the composition of owners in the new account be identical to the owners of the old account?**

It will be possible to switch activity from one account to another in the following cases:

When the owner composition is identical (such as individual to individual, partners to the same partners).

When owners are added to the account (such as an individual to partners of which he or she is one of them, partners to the same partners plus others added on). In such a case the consent of the additional owners to the switching process is required. It will not be possible to switch accounts if owners are taken off the account.

1. **What financial activities will be automatically shifted in one move?**

* Credit and debit balances in shekels (regarding debit balances, subject to the approval of the new bank)
* Credit and debit balances in foreign currency (the transfer will be made in foreign currency when the new bank account is a foreign currency account and on the condition that the new bank manages balances in that currency.
* Authorizations to debit a current account
* Standing orders
* Checks written from checkbooks that were issued by the old bank and that are presented after the transfer date—will be presented directly to the new account
* Checks deposited for custody, with a future payment date
* Securities (Israeli and foreign) that can be transferred
* Authorizations to debit a nonbank payment card
* Authorizations to debit a bank payment card

1. **What activities will not be automatically transferred?**

* Loans and credit (including housing loans)
* Deposits and savings plans
* Securities that cannot be transferred
* Vaults and financial products that are pledged to the bank in order to secure credit

Regarding products that are not automatically transferred, the customer and the old bank are to reach agreements on their conduct and accounting after the transfer date.

1. **Is it possible to transfer only part of the financial activity managed in the account?**

The online switching service is intended to assist the customers switch the full range of activity to the new bank, in a simple manner and at no cost. It is not possible to transfer only part of the financial activity in the account from among the transactions noted above. Thus, for example, it will not be possible to only transfer credit balances but not checks, or just authorizations to debit an account but not securities that can be transferred.

1. **How long will it take to transfer from the old bank to the new bank?**

In general, the transfer will be carried out within 7 business days from the date a valid request to transfer is submitted.

It is possible to choose a date later than 7 business days for completing the transfer process, provided that the transfer of the activity is carried out within 30 days from the date the valid request is submitted.

A later date can be chosen, for example, in order to verify that by the time the process is completed an alternate means of payment, such as a credit card, will be received from the new bank.

1. **May the customer ask to cancel the request after the request to switch accounts has been submitted?**

Yes, the customer can cancel the transfer request until the end of the sixth day of the transfer process.

1. **What am I to do if I am not interested in switching all my financial activity to the new bank, but rather only certain financial activities that can be transferred?**

In such a case, a request cannot be submitted to the online system. You should contact the bank from which you are interested in switching some of the financial activity and request to transfer it. In this case the manner of submitting the request and the timeframe for completing it will be in accordance with the type of activity being transferred.

1. **If I submitted a request to transfer accounts via the online system, can the bank to which I requested transfer reject the request?**

* The bank may only reject a transfer request in the following cases:
* There is a debit balance in the old account that the new bank is not willing to accept
* There is a credit balance in the old account that does not comply with the new bank’s limitations
* Three months have not yet passed since a previous transfer was carried out
* The customer began a process of closing the account at the old bank
* Noncompliance with the Governor’s regulations for another reason

1. **Is there a limit on the number of transfer requests by the customer through the online system?**

There is no limit on the number of transfer requests that the customer may submit, but a minimum period of 3 months must pass between the carrying out of transfer requests. In addition, the customer may not submit a request when there is another transfer request in the process of being carried out.

1. **Will there be an adverse impact on the valuation dates of my financial activities as a result of a transfer?**

A financial transaction will be routed and executed through the generally accepted timeframe for carrying out such a financial transaction, including for determining the valuation dates for the customer and maintaining the finality of payment for the customer.

1. **If there was a problem in the transfer process, to whom should I turn?**

The new bank will be the address for all enquiries by the customer who is transferring. However, the old bank is also required to provide a response to enquiries related to the activity that remains with it.

1. **Will the information transferred by the banks as part of the transfer process be liable to adversely impact the customer’s privacy?**

All the information transferred between the banks is carried out subject to privacy laws.

**Activity in my old bank account**

1. **What happens to the terms that I had at the old bank until the actual transfer date?**

The customer is eligible for having the benefits and discounts from the old bank maintained for at least 3 months from the date the request is submitted, unless determined otherwise in an agreement between the customer and the bank, so that even if I changed my mind and cancelled the transfer, there will not be an adverse impact on the benefits and discounts I was granted.

1. **I submitted a request to transfer an account, can the bank from which I requested to transfer attempt to convince me to remain with it?**

Yes, provided that the attempts to retain the customer are carried out without pressuring the customer to make that decision. The old bank is to clarify to the customer, already from the beginning of the contact, that the goal of the contact is to attempt to retain him or her as a customer of that bank.

1. **During the 7 business days of the transfer, will I be able to continue to act in my old account as usual?**

* From the second day, it will not be possible to change the account owners and to initiate, in the account, new activity that has continuing features that can debit the account beginning from the transfer date. Among other things, this includes activity regarding authorizations to debit the account, loans, or checks. Similarly, it is not possible to continue to use a bank payment card.
* On the transfer date, it will not be possible to carry out activities in the old account, including withdrawing cash.
* Despite the above, the old bank may allow the customer to carry out new initiated transactions in the account, provided that they are required for continuing the activity that remains at the old bank after the transfer, and the bank undertakes to allow their continued existence after the transfer date.

1. **If I transferred from one bank to another, in the future can I return to using my old account number?**

With the completion of the customer’s transfer between banks, and provided that no activity remains in the old bank, the account will be closed. In a case in which some activity remains that cannot be transferred, the old account will be closed to new activity of the type of activity that was transferred. If a customer is interested in returning to ongoing financial activity at his previous bank, his previous bank will open a new account for him and he will be assigned a new account number.

**“Follow me” (routing) service**

1. **What is the difference between transferring and routing?**

Transferring is the stage of switching a customer’s financial activity from the old bank account to an account at the new bank through the online system. The routing stage is completed on the transfer date in accordance with the Governor’s regulations.

Routing is a “Follow me” service that allows the automatic transfer of a customer’s financial activity from the old bank to the new bank, for two years from the transfer date.

Routing activity gives the customer the confidence that every credit or debit presented in his old account will be routed automatically to the new account, so that it will be possible to maintain continuity in managing the account, without the need for contacting the entities charging the old account (such as the Israel Electric Corporation or a communications company) or crediting the old account (such as an employer crediting an employee’s salary to the account or the National Insurance Institute crediting the customer with various allowances) and updating them on the particulars of the new account during the routing period.

1. **What activities will be routed from the old account to the new account (Follow me) for 2 years?**

* Future credits in shekels
* Future debits in shekels
* Checks that will be deposited with the beneficiary being the account owner that switched banks.

1. **Is there a fee for the routing?**

No. One of the fundamental principles is that the transfer and the routing are at no cost to the customer.

1. **For how long with the routing (Follow me) activity continue?**

The routing activity will continue for 2 years from when the transfer is carried out.

1. **Why does the routing (Follow me) only last for 2 years, and what happens at the end of that period?**

This is a long period of time, which is intended for preparation and to make the customer’s transfer between banks easier, and there is an expectation that during the course of the period, third parties that credit or debit the account on a regular basis will update the new account details for crediting or debiting. Note that during the routing period you will receive a semiannual report on the activities routed to your account, through which you will be able to know if there are entities that have not yet updated the new account details to debit or credit.

1. **Is it possible to request to stop the routing (“Follow me") activity, so that debit/credit balances are not transferred from the old account to the new one?**

Yes. A customer can, at any stage, request to stop the routing of credits to and debits from the old account to the new account.