

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

October 15, 2023

**The Bank of Israel’s comprehensive outline, adopted by the banks, to help customers deal with the ramifications of the “Swords of Iron” war**

**Bank of Israel Governor Prof. Amir Yaron** said: “During these difficult times, we all must get involved, and it is important that the banks continue providing solutions to the public in dealing with the economic difficulties resulting from the war. We brought together the heads of the banking system in order to formulate a uniform plan, with an emphasis on assisting the population that has been harmed, the security forces, and those who have to evacuate their homes. The banks are getting involved. I thank the heads of the banking system, and I am certain that this plan will help the public get through this challenging period. In parallel, the specific measures that the banks have published for their customers in recent days are important, and we call on the banks to continue helping the public, and particularly to be attentive to their customers and to find them tailored solutions. The Bank of Israel will continue responding to the various economic issues that arise from the war, and we will formulate measures to support and assist in accordance with the tools that are available to us.”

**Supervisor of Banks Daniel Hahiashvili** said: “The Israeli banking system is prepared to support continued economic activity during this emergency. The strength and robustness of the Israeli banks has been developed over many years, with the aim of now backing and supporting the Israeli population, and particularly helping those who have been harmed by the war. The plan that we are issuing today is an important measure in our work, and provides a response in the areas of credit and fees to both households and businesses. It also makes it significantly easier on their cash flow during the coming period. I applaud the banks for the initiative they have shown since the outbreak of the war and for joining the plan that has been formulated, with the aim of helping their customers get through this complex period. We encourage the banks to remain attentive to their customers and to expand the assistance in any way they see fit. The Banking Supervision Department will continue supporting and making the necessary adjustments for the public with regard to various banking issues in view of the security situation .”

**The Bank of Israel Governor and the Supervisor of Banks today held a meeting with the Directors General of the banks and the credit card companies. The discussion dealt with broad actions to assist the population that has been harmed, with an emphasis on residents of the communities surrounding Gaza and the south, the security forces that have been mobilized, the population that has been evacuated from their homes, and first-degree relatives of those who have lost their lives, the missing, and the abducted. This is in addition to the variety of individual measures that the banks and credit card companies have so far taken, with the support and encouragement of the Banking Supervision Department, some of which have included the establishment of funds to provide interest-free bridge loans, leniencies in delaying loan and mortgage repayments, exemptions from current account fees, increased credit facilities, and more.**

Since the beginning of the fighting, the Bank of Israel Governor has set out a number of principles for the banking system’s activities during this period. This included emphasizing the need to show extra sensitivity and provide responses to customers, with particular emphasis on those living near the Gaza Strip, the families of the victims, and the families of mobilized forces. The Supervisor of Banks published a letter containing detailed guidelines for the banking system, with these points and additional guidelines.

In addition, the Banking Supervision Department has acted in recent days to formulate a broad outline to ease the credit and fees burden for households and businesses within a 30 km range from the Gaza Strip, citizens who have been evacuated from their homes by official agencies, those who have been mobilized through emergency call-up orders, or those who are first-degree relatives of those who have been killed or abducted or those who are missing (hereinafter – **group of first-degree customers**). The outline relates to delaying loan repayments[[1]](#footnote-1) in three activity segments (mortgages, consumer credit, and business credit), debt balances (overdrafts) in current accounts, and fees. For the aforementioned group, loan repayments will be delayed **with no interest charges and no fee charges** in accordance with the details appearing in the table below.

Other bank customers (hereinafter – **group of second-degree customers**), will be given the option of delaying loan repayments[[2]](#footnote-2) for three months, with the delayed payments bearing interest that shall not exceed the interest rate in the loan contract. Delayed payments will be added to the end of the loan period. The delay will be made without fee charges.

To clarify, the outline that has been formulated presents **the minimum conditions** for delaying loan repayments, and each bank is permitted to expand upon it for the good of their customers and at their request.

**The Bank of Israel continues to respond constantly to the various economic issues resulting from this situation, and is formulating the necessary measures in accordance with the variety of tools available to it.** The Banking Supervision Department continues to monitor the activities of the banking system, map the needs of the banking system’s customers and the families who have lost their loved ones, and examine additional measures that can help deal with the difficulties.

* The Banking Supervision Department’s Consumer Enquiries and Inspection Unit can be reached at 02-655-2680 or \*9086.
* The Bank of Israel’s Supervisor of Credit Data call center can be reached at \*6194.
* The emergency information page on the Bank of Israel’s website (in Hebrew) [can be reached here](https://www.boi.org.il/bank-of-israel/iron-swords/).

**Comprehensive plan adopted by the banks to help customers deal with the ramifications of the “Swords of Iron” war**

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| **First-degree customers**  **Group of customers:**   1. **Population living within a range of up to 30 km from the Gaza Strip.** 2. **Population evacuated from their homes by official agencies, as of the date of the plan’s publication. \*** 3. **First degree relatives (spouse, parents, and children) of those killed or abducted during the war or of those missing.\*\*** 4. **Those serving in the reserves and those mobilized through an emergency call-up.**   How to obtain information on which group you belong to:  \* According to the list sent to the banks by authorized entities.  \*\* Based on enquiry from the customer. | | | | |
| **Leniencies in the credit field:** | **Type of credit** | **Payment delay period** | **Maximum interest rate** | **How the payments are spread out** |
| **Mortgages[[3]](#footnote-3)** | Three months[[4]](#footnote-4)  (After this period, a further extension will be considered) | No interest cost in respect of the delayed amount | Mortgages  Three alternatives for the bank to choose from:   * Adding payments at the end of the mortgage period. * Spreading out the delayed payments throughout the remaining mortgage period. * Providing a loan for the delayed amount, with no interest, for a period of 4 years, with monthly loan repayments beginning at the end of one year.   Consumer and business credit  Adding the payments at the end of the loan period. |
| **Cumulative consumer credit up to NIS 100,000** |
| **Business credit[[5]](#footnote-5) up to NIS 2 million** |
| **Household current account overdraft up to NIS 10,000** |  | Clarification: This benefit will be given only to customers in Groups 1-3 listed above. The benefit will apply to customers whose current account had a negative balance[[6]](#footnote-6) prior to the publication of this outline. |
| **Leniencies in the area of fees:[[7]](#footnote-7)** | 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[[8]](#footnote-8)** | Three months (after this period, a further extension will be considered) | Interest rate in the agreement[[9]](#footnote-9) | Payments will be added at the end of the loan period[[10]](#footnote-10) |
| **Cumulative consumer credit up to NIS 100,000** |
| **Business credit up to NIS 2 million** |
| **Fees** | Payments will be delayed without fee charges. | | |

Clarifications:

* This outline will take effect no later than October 31, 2023, in order for each bank to prepare properly, and will last for the period allocated in the outline from the date it actually takes effect.
* In order to delay payments, the customer must contact the bank and submit a request in the manner determined by the bank.
* This outline does not apply to borrowers in the midst of 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.
* 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.
* Those serving in the reserves and those mobilized through an emergency call-up shall be eligible for benefits upon issuing supporting documentation or a customer declaration.
* 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, with no limit on the amount. Consumer credit up to NIS 100,000. Business credit up to NIS 2 million. [↑](#footnote-ref-1)
2. Mortgages, with no limit on the amount. Consumer credit up to NIS 100,000. Business credit up to NIS 2 million. [↑](#footnote-ref-2)
3. In relation to a first home and to those upgrading their homes only. [↑](#footnote-ref-3)
4. This outline is in addition to what is stated in Section 9h2 of the Banking (Service to the Customer) Law, 5741-1981, and does not replace it. [↑](#footnote-ref-4)
5. Business credit with an activity turnover of up to NIS 25 million, excluding loans in commercial cooperation with a third party. With regard to business credit with a remaining term to repayment of more than 3 years, payments can be spread out in the manner set out for mortgages. [↑](#footnote-ref-5)
6. A negative balance that is part of the credit facility approved by the bank. [↑](#footnote-ref-6)
7. 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-7)
8. In relation to a first home and those upgrading their housing only. [↑](#footnote-ref-8)
9. Delaying payments involves interest for the period of the delay. Therefore, before making a decision to delay payments, it is important to examine the implications of the delay, including the economic price of the delay (in terms of the interest cost, the monthly payment following the delay, and so forth), in order to make an informed decision. [↑](#footnote-ref-9)
10. The loan repayments will be spread out subject to the technical limitations derived from the bank’s calculations. [↑](#footnote-ref-10)