



March 22, 2021

Circular no. C-06-2657

To: Banking corporations and credit card companies

Re: Adjustments to Proper Conduct of Banking Business Directives for Dealing with the Coronavirus Crisis (Temporary Provision)

(Proper Conduct of Banking Business Directive no. 250)

Introduction

1. Against the background of the development of the coronavirus occurrence and its ramifications on the economy in Israel and abroad, and as such on every private household and business, and in order to assist households and businesses to endure the challenging period, it was decided to extend the temporary provision by an additional period of 6 months.
2. The accelerated vaccination process in Israel increases the optimism for the economy's return to growth in the coming year. However, the risks to activity remain high in view of the risk of additional waves of morbidity and the adverse impact on the economy.
3. The lack of economic certainty, as noted, and the concern that the ramifications of the crisis have not yet fully been realized, require a cautious and conservative approach. Moreover, in whatever economic scenario develops, we expect that the banks will continue to assist the Israeli economy to exit the crisis.
4. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have established the following Proper Conduct of Banking Business Directive as detailed below.

Main revision to the Temporary Provision

5. In place of the provisions of Section 13, it shall say: "Notwithstanding the provisions of Section 28 of Proper Conduct of Banking Business Directive no. 367 and Section 5 of Proper Conduct of Banking Business Directive no. 420, a banking corporation may send via ebanking channels, to customers who do not have another debit card that was issued by the same corporation, notices offering them to issue a debit card, even if the customer is not a side to an ebanking agreement on channels on which the notice was sent".

Explanatory remarks

The easing established in the beginning of Section 13 is no longer required as the issue was regulated in Questions and Answers regarding Directive 367.

Beginning and transition period

6. Section 15 regarding the validity of the temporary provision was revised. Thus, the Directive goes into effect from the day of its publication through September 30, 2021 (hereinafter, “the end of the Directive’s validity”).

The extension of the temporary directive’s validity that was determined as noted, shall not apply: on Sections 10a–10b, 13d, 14a, and 14b–14d, meaning, the end date of the easings granted in the Sections above remains until September 30, 2020, and Section 12b of the Directive remains in force until December 31, 2020, as well as the end of Section 9, beginning from the words “and at the end of the Section shall be...”, and on Section 13c, which is in force until March 31, 2021.

Explanatory remarks

The easings set at the end of Section 9, beginning from the words “and at the end of the Section shall be...”, and in Section 13c are longer required within the framework of the temporary provision, as these easings are not anchored in the relevant directives.

7. Section 16(1)(a) of the temporary provision was updated. It was determined that for a period of 6 months from the end of the temporary provision, capital ratios that are up to 0.3 percentage points lower than the minimum capital ratio shall not be considered as a deviation from the temporary provision.

Explanatory remarks

The temporary provision enables banks to begin accruing capital again, and to comply with the minimum capital ratios over a period of 24 months. During this period, the banks are required to prepare capital plans that are cautious and conservative so that the capital ratios are not less than what the minimum was at the date of the end of the temporary provision’s validity or the minimum capital ratios. However, this update establishes that over a 6-month period from the date of the end of the Directive’s validity, being up to 0.3 percentage points less shall not be considered a deviation from the Directive.

Update of file

8. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(07/01/2021) [12] 250-1-9

Insert page

(22/03/2021) [13] 250-1-9

Respectfully,

Yair Avidan
Supervisor of Banks