

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

Press release

June 23, 2024

**The Bank of Israel extends the comprehensive assistance program adopted by the banks for dealing with the ramifications of the Swords of Iron war**

Bank of Israel Governor Prof. Amir Yaron said: “Since the beginning of the Swords of Iron war, the Bank of Israel has taken a broad set of actions to support activity in the markets and to assist affected households and businesses get through the period. Extending the program helps those suffering economic difficulties to get through this period and to improve their chances of recovery. The Banbk of Israel will continue monitoring and analyzing the state of the economy in view of the war, and will act as necessary to support the economy. I thank the professional team at the Banking Supervision Department that has led the program, and the banking system that has joined and extended the assistance efforts.”

Supervisor of Banks Daniel Hahiashvili said: “The security situation in the country remains complex. We have therefore decided to extend the comprehensive program adopted by the banks for a fourth time, in order to continue easing cashflow that will help the population get back to an orderly payments routine, while making necessary adjustments as indicated by data and by enquiries from the field. The Banking Supervision Department will continue monitoring the data and developments, while focusing assistance on the relevant population groups. I thank the banking system for their continued involvement in further expanding the program and for giving additional leniencies to customers.”

Background and data:

With the aim of helping customers deal with the implications of the Swords of Iron War, about a week after the outbreak of the war, the Bank of Israel announced a [comprehensive program](https://www.boi.org.il/en/communication-and-publications/press-releases/c15-10-23/) to ease the burden of credit and fees, which was adopted by the banks. A few weeks after the war started, and in view of the fact that residents of the north were also evacuated from their homes, [the program was expanded](https://www.boi.org.il/en/communication-and-publications/press-releases/a08-11-23/) to include residents of the north. In view of the continuation of the war, in December 2023, the Bank of Israel announced [a further three-month extension of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/a17-12-23/), which was adopted by the banks, and expanded the program to additional population groups. In March 2024, based on the security situation and with a desire to provide special leniencies to soldiers in the reserve forces, the Bank of Israel announced [a further extension and expansion of the program](https://www.boi.org.il/en/communication-and-publications/press-releases/for-the-third-time-the-bank-of-israel-extends-and-expands-the-comprehensive-assistance-program-adopted-by-the-banks-for-dealing-with-the-ramifications-of-the-swords-of-iron-war/).

The existing program, which is valid until June 30, 2024, enables first-degree customers[[1]](#footnote-1)—people directly affected by the war—to defer loan and mortgage repayments[[2]](#footnote-2) with no interest or fees, receive and exemption from most fees, and receive an exemption from interest on overdrafts to defined amounts in their current accounts—all for a period of 3 months from the time they join the program. All other customers—second-degree customers—have the option of deferring loan and mortgage repayments with no fees for a period of three months, with the deferred payments bearing interest that shall not exceed the interest rate in the loan contract.

The data show that there are segments of the population who are eligible as first-degree customers, who have returned to routine. This is partly reflected in data that indicate that there is less need for leniencies in the credit field. As such, and with responsibility for maintaining payment ethics and customers’ financial conduct, adjustments were made to the program, and further adjustments will be made as necessary to the leniencies provided to various population groups, with the aim of helping those that still need it.

As of May 31, 2024, payments on about 390,000 loans totaling about NIS 8.2 billion have been deferred. Of those deferrals, about 40 percent are by households, and the remainder were by the business sector. It should be noted that about 66 percent of the total deferred amount belongs to loans for which the deferral has ended, with those borrowers returning to normal payments. Those loans account for about 73 percent of the number of deferrals.

Extension and expansion of the program as of July 1, 2024:

In view of the continuation of the security situation in the country and its consequences for customers’ financial conduct, the Bank of Israel announces a further expansion and extension of the program, which has been adopted by all the banks, as follows:

**Extending the program’s period by an additional three months, to September 30, 2024, as follows:**

* **Deferral of loan and mortgage payments** – The period for submitting requests to defer loan repayments within the program will be extended by an additional three months. It should be noted that the maximum cumulative payment deferral period within the program will be 9 months for every loan. Customers who have deferred loan payments for a period 9 months and are still having financial difficulty meeting their loan payments should contact the bank at which their account is managed to request a review of the leniencies. Each case will be examined by the banking corporation on its own merits. We emphasize that the Banking Supervision Department expects the banks to act with sensitivity as dictate by the situation when examining such requests.
* **Exemption from payment of most fees that are applicable in the ongoing management of their current accounts (in accordance with the updated table appearing in the appendix to this notice) and exemption from interest on current account** overdrafts – These leniencies will be extended as part of the program by an additional three months for first-degree customers, similar to the original terms of the program published on the [Bank of Israel website](https://www.boi.org.il/en/bank-of-israel/iron-swords/boi-outline-banks2024/).
* **In relation to the exemption from interest on current account overdrafts in a business account, this exemption has been expanded and will be available to any business with an annual turnover of up to NIS 10 million[[3]](#footnote-3)** (instead of NIS 5 million). As a s result of this leniency, an expanded number of business owners are eligible for the exemption from interest on current account overdrafts (provided they have an overdraft in their account prior to the publication date of this program update). The exemption will be up to NIS 30,000, for a period of three months, based on the actual debt balance.
* **Benefits will continue to be actively given to reserve soldiers on active duty.** Benefits to which reserve soldiers are eligible based on the program—exemption from fees and absorption of interest on negative current account balances and in business accounts, in accordance with the terms of the program (first degree)—will continue to be initiated by the bank for a period of three months. Reserve soldiers’ accounts will be identified based on a reserves grant being paid into the account between July 1, 2024 and September 30, 2024. If the customer served in the reserves during that period and did not receive a reserves grant in his account, he must present documentation to the bank regarding his reserves service in order to receive the benefit.

The expansion of the program for an additional three-month period will come into force on July 1, 2024, as detailed in Appendix A, and requests to be included in the additional program can be submitted between July 1, 2024 and September 30, 2024.

In addition, **with regard to residents evacuated from their homes**, the Banking Supervision Department will hold a webinar on the topic of economic resilience, through the Association of Banks and the banking system, and in conjunction with the Ministry of Welfare and Social Services. During the webinar, tools for responsible financial conduct and targeted information regarding relevant financial rights will be presented.

The webinar will take place on June 25, 2024. Registration is at <https://ibank.events.co.il/home>.

**To be clear, before making a decision to defer payments, particularly for customers who have already deferred payments as part of the program, you should closely examine the need for a further deferral and its implications, including its overall economic price.**

In addition, the program presents the **minimum conditions**, and each bank is permitted to expand it for its customers, as most of the banks have done. The Banking Supervision Department encourages them to continue to do so.

**Appendix A - Expansion of the comprehensive assistance program, adopted by the banks, for dealing with the consequences of the Swords of Iron war, as of July 1, 2024**

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| **First-degree customers**  **Customer groups:**   1. **People who live or own a business within 30 km of the Gaza Strip.** 2. **People evacuated from their homes by an official entity as of November 7, 2023, and those who live in a locality that appears on the lists published on the Bank of Israel website, or those who live in one of the localities that the government has decided to evacuate but who have not yet been evacuated, in accordance with the list published on the Bank of Israel website.** 3. **Accounts of kidnapped or missing victims\*;** 4. **People who are first-degree relatives (spouses, parents, siblings, and children) of those killed in the war or kidnapped or missing;** 5. **People serving in the reserves or mobilized through emergency mobilization orders.\*** 6. **Reserve soldiers who were hospitalized for at least 7 days due to injury sustained as a result of the war.\*** 7. **People who participated in the festivals: the Nova festival in Re’im, the Psyduck festival; and the preparatory meeting for the Midburn festival.\***   \* Information regarding belonging to this group is received in accordance with a customer’s declaration or presentation of appropriate documentation from an authorized official body, per the bank’s decision. With regard to small businesses, in accordance with the characteristics published by the bank. Benefits for which reserve soldiers are eligible will be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the reserves grant paid into the account between July 1 and September 30, 2024. If a soldier served in the reserves during this period and did not receive a reserves grant to his account, he must present documentation to the bank regarding the reserve service that he performed. | | | | |
| **Leniencies with regard to credit:** | **Type of credit** | **Payment deferral period** | **Maximum interest rate** | **How payments are spread out** |
| **Mortgages[[4]](#footnote-4)** | A customer who has deferred payments for 6 months will be eligible to defer for an additional 3 months subject to submitting a request, such that the total deferral period will be 9 months.[[5]](#footnote-5)  A customer who has not deferred payments based on the program shall be eligible for a 3-month deferral subject to submitting a request.  The payment deferral period under the program shall not exceed a total of 9 months.5 | There will be no interest charged in respect of the deferral amount. | Mortgages  Three alternatives at the bank’s choice:   * Spread payments over the remaining mortgage period. * Extending the mortgage period. * Providing an interest-free loan for the deferred amount, for a period of at least 4 years, with repayments beginning one year after the end of the deferral.   Consumer and business credit  Adding payments at the end of the loan period. |
| **Consumer credit, cumulative up to NIS 100,000** |
| **Business credit[[6]](#footnote-6) up to NIS 2 million** |
| **Negative balance (overdraft) in a household current account, up to NIS 10,000** | 3 months | 0% interest | Clarification: The benefit is given to first-degree customers (including reserve soldiers) who, prior to the publication of this extension (June 21, 2024), had a negative balance in their current account.[[7]](#footnote-7) |
|  | **Negative balance (overdraft) in a business current account, up to NIS 30,000** | 3 months | 0% interest | Clarification: The benefit is given to businesses with a turnover of up to NIS 5 million, which belong to any of the groups of first-degree customers, and which, prior to the publication of the expansion of the program (June 21, 2024), had a negative balance in their current account.[[8]](#footnote-8) Such businesses shall be exempt from paying interest on negative balances[[9]](#footnote-9) in the business account up to NIS 30,000, for a period of 3 months, subject to providing documentation if the information is not in the bank’s possession. |
| **Leniencies with regard to fees:[[10]](#footnote-10)** | 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[[11]](#footnote-11)** | * A customer who has already received a 6-month deferral shall be eligible for a further 3-month deferral subject to submitting a request, such that the total deferral period will be 9 months.[[12]](#footnote-12) * A customer who has not yet exercised his eligibility to defer payments shall be eligible for a 3-month deferral subject to submitting a request. | The contractual interest rate[[13]](#footnote-13) | Spreading payments out over the remaining loan period, or extending the loan period, at the customer’s choice.[[14]](#footnote-14) |
| **Cumulative consumer credit up to NIS 100,000** |
| **Business credit up to NIS 2 million** |
| **Fees** | Payments will be deferred without fees being charged. | | |

Clarifications:

* The program’s extension takes effect on July 1, 2024 in order to allow each bank to prepare, and will last for the period allocated in the program.
* Payment deferrals require the customer to contact the bank and submit a request in the manner set forth by the bank.
* This program does not apply to a borrower involved in 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.
* Benefits for reserve soldiers based on this program (exemption from fees and absorption of interest on negative current account or business account balances) shall be provided at the bank’s initiative for a period of 3 months. Accounts will be identified as belonging to a reserve soldier by the reserves grant paid into the account between July 1 and September 30, 2024. If the customer has served in the reserves during that period and did not receive a grant in his account, he must present documentation to the bank regarding the reserve service that he performed.
* 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.
* This outline presents the minimum conditions, and each bank is permitted to expand upon it to benefit its customers and at their request.

1. People who live or own a business that is located within up to 30 km from the Gaza Strip; people evacuated from their homes by an official state agency as of November 7, 2023 and who live in one of the localities that appear on the lists published on the Bank of Israel website; people serving in the IDF reserves and those mobilized under emergency orders; reserve soldiers hospitalized for a period of at least 7 days due to injury sustained due to the war; accounts of people who are kidnapped or missing; people who are first-degree relatives (spouse, parent, sibling, or child) of someone killed in the war or kidnapped or missing; victims from the Nova festival; victims from the Psyduck festival; and those involved in the preparatory meeting for the Midburn festival. [↑](#footnote-ref-1)
2. Mortgages to an unlimited amount; consumer credit – cumulative up to NIS 100,000; business credit up to NIS 2 million. [↑](#footnote-ref-2)
3. For purposes of operational preparedness, this leniency will take effect on July 15, 2024. [↑](#footnote-ref-3)
4. In relation to a first home or those upgrading their housing only. [↑](#footnote-ref-4)
5. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-5)
6. Business credit of a business with turnover of up to NIS 25 million, excluding loans in commercial cooperation with a third party. Regarding business credit with a remaining term to repayment of more than 3 years, payments can be spread out in the manner set out with regard to mortgages. [↑](#footnote-ref-6)
7. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-7)
8. For the purpose of operational readiness, this leniency will take effect on July 15, 2024. [↑](#footnote-ref-8)
9. Negative balance that is part of the facility approved by the bank. [↑](#footnote-ref-9)
10. 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-10)
11. In relation to a first home and those upgrading their housing only. [↑](#footnote-ref-11)
12. To be clear, the program is in addition to what is set out in Section 9(h)2 of the Banking (Service to the Customer) Law, 5741–1981, and does not replace it. [↑](#footnote-ref-12)
13. Deferral of payments is subject to interest for the deferral period. Therefore, before making a decision to defer payments, it is important to examine the implications of the deferral, including the economic price of the deferral (in terms of interest, monthly payment amount after the deferral, and so forth), in order to make an informed decision. [↑](#footnote-ref-13)
14. The manner of spreading out the loan is subject to technical limitations derived from the bank’s computer system and subject to supervisory restrictions. [↑](#footnote-ref-14)