

Directive 422 – Opening and managing a current account with no credit facility

Introduction

1. A current account is an essential account, through which customers manage most of their financial activity. For this reason, Section 2(a)(2) of the Banking (Service to the Customer) Law, 5741–1981 (hereinafter, “the Law”) sets out, among other things, that a banking corporation must enable every customer to open and manage a current account with no credit facility, provided that there is no reasonable cause for not providing the service (hereinafter—“reasonable refusal”).
2. This Directive comes to clarify the cases in which the claim of “reasonable refusal” will not be accepted for refusing to open a current account with no credit facility. In addition, the Directive clarifies the obligations imposed on the banking corporation in managing a current account with no credit facility, subject to the customer complying with the terms of the agreement between him and the banking corporation, as required by law.
3. In order to remove doubt, it is clarified that this Directive shall not derogate from the banking corporation’s obligations pursuant to any law, including pursuant to Section 2 of the Law, nor obligate a banking corporation to provide a service that is not in accordance with the terms of its license or that is contrary to the business policy as stated in Section 2(d) of the Law.

Definitions

4. In this Directive—
“**Bankruptcy proceedings**”—Proceedings conducted by the power of the Bankruptcy Ordinance [New Version], 5740–1980, in its various stages, including the issuing of an order of receivership, declaration of bankruptcy, and the issuing of a discharge order.
“**Account**”—A current account in Israeli currency with a positive balance in the customer's favor.
“**Customer**”—An individual, as determined in the Prohibition on Money Laundering (The Banking Corporations’ Requirements regarding Identification, Reporting and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5761–2001, who is an Israeli resident, who receives or requests to receive service from a banking corporation.
“**Resident**”—As defined in the Population Registry Law, 5725–1965.

Unreasonable refusal

5. (a) A banking corporation shall not refuse to open an account for a customer solely on the grounds that the customer is one or more of the following:

- (1) A restricted customer, or a customer restricted under aggravated circumstances, or a customer restricted under special circumstances, as the terms are used in the Checks Without Cover Law, 5741–1981, including a customer as stated who was restricted in the past pursuant to the provisions of that law.
- (2) A customer in bankruptcy proceedings, including a customer who was in bankruptcy proceedings in the past.
- (3) A customer whose accounts have been placed under lien.
- (4) A customer who conducts, or has in the past conducted, legal proceedings vis-a-vis another banking corporation, arising from the collection of a debt.

(b) Notwithstanding the provisions of Subsection (a), should the customer be in bankruptcy proceedings, and his debts not yet discharged, the banking corporation may condition the opening of the account, or its management in accordance with Section 11 and Section 12(c) of this Directive, on obtaining prior authorization from a trustee or the Special Manager, provided that it updates the customer regarding the requirement at the first opportunity.

(c) The provisions of Subsection (a) shall not apply regarding a customer who wishes to open an account for another person, by the power of law, appointment or agreement.

(d) If a customer who in the past left a debt at a banking corporation requests to open an account with the same banking corporation, the latter shall examine the request itself while paying attention to, among other thing, the date the debt was created, the amount of the debt, collection proceedings, and the conditions of reopening the account.

Examining the request to open an account

6. A banking corporation that does not provide the customer with its decision on the request to open an account at the time the request is submitted, shall provide a written confirmation to the customer at that time, which shall include the following details, documenting as well the transfer to the customer:
 - (a) The customer's name;
 - (b) The name of the bank and the branch number where the request to open an account was submitted;
 - (c) The date the request was submitted;
 - (d) Details of the documents that the customer must provide for the purpose of examining his request to open an account, insofar as the request is dependent on the providing of any documents.
 - (e) Cancelled.
- 6a. Notwithstanding the provisions of Section 6 above, in a situation in which a customer requested to open an online account and the banking corporation conditioned the continuation of the process of examining the request to open

the account on the customer arriving at the branch, the banking corporation is to provide the customer with the following details: an update regarding the necessity of the customer arriving at one of the banking corporation's branches, as well as a listing of the documents generally required for examining the customer's request to open an account, or the documents required for the specific customer, in accordance with the bank's decision.

Decision on the request to open an account

7. (a) A banking corporation shall issue its decision on the request to the customer in writing, including a listing of the reasons for such decision, subject to all laws, within 10 business days of the date the request was submitted, or from the date of receipt of the documents in accordance with to Section 6(d), or from the date that the customer arrived at the bank in accordance with Section 6a, the later of the options, as relevant.
(b) The provisions of Subsection (a) shall not apply in a case where the customer has signed an agreement to open and manage a current account with the banking corporation, during the period set out in Subsection (a).
8. A banking corporation that conditions opening an account on the customer providing documents, shall take care that they are necessary for examining the customer's request, and shall list them, to the extent possible, at the first opportunity.
9. It should be clarified that subject to the provisions of all laws, documents that are not relevant to the decision to open an account, are not to be included in the requirement to provide documents for examining a customer's request to open an account, including:
 - (a) A copy of a foreclosure letter and foreclosure orders that were imposed on the customer by an authorized entity;
 - (b) Authorization of a debt balance at the Execution Office;
 - (c) Authorization of the closure of an account that the customer managed at a different bank;
 - (d) Authorization of the customer's manner of conduct in an account managed at another bank;
 - (e) Previous account statements—from a customer who declared to the bank that he did not manage a bank account in the past;
 - (f) Annual report (banking ID card)
 - (g) Documents required for the providing of benefits or credit in the account.
10. A banking corporation that decided to open an account for a customer shall clarify to the customer, prior to the account being opened, that the account to be opened is an account with no credit facility, which does not include credit. It shall also clarify to the customer what means of payment will be available to him.

Account management

11. Means of payment—

- (a) A banking corporation shall not unreasonably refuse a customer’s request, which includes not making unreasonable conditions, to manage his account with the following means of payment:
 - (1) Making payments through authorized debits.
 - (2) Obtaining a bank card, as defined in the Debit Cards Law, 5746–1986, through which the customer’s account at the banking institution is debited immediately.
 - (3) Obtaining a bank card, as defined in the Debit Cards Law, 5746–1986, for cash withdrawals.
- (b) If the customer requests to issue checks, the banking corporation shall examine the request itself, taking into account the range of circumstances, and subject to all laws.
Notwithstanding the above, if the banking corporation decided to issue checks to the customer, it may do so based on criteria set in advance.

12. Access to data and executing transaction

- (a) A banking corporation shall subscribe its customers to the data retrieval service through the ATM stations, as required in Proper Conduct of Banking Business Directive no. 441 (Data retrieval by customers).
- (b) A banking corporation shall not refuse a customer’s request to obtain access to information regarding the account through e-banking channels;
- (c) A banking corporation shall not unreasonably refuse a customer’s request to execute transactions in the account through e-banking channels; these do not prevent setting limitations and controls in accordance with the circumstances of the issue
In this section, “transactions”—as defined in Section 1(a)(3) of the First Addendum of the full fee schedule in the Banking (Service to Customer/Fees) Rules, 5761-2008.
“E-banking channels”—the channels listed in Proper Conduct of Banking Business Directive no. 367 (E-banking).

13. Explanation to the customer—

- (a) A banking corporation shall provide a customer requesting to open an account with an explanatory page including the list of services that appears in Sections 11 and 12 above, that are available to the customer for the purpose of managing the account, including clarifications regarding each of them.
- (b) A banking corporation shall publish in a notable and relevant place on its website the list of services available to its customers in accordance with this Directive.

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Revisions

Circular 06 number	Version	Details	Date
2423	1	Original Directive	May 26, 2014
2558	2	Revision	March 26, 2018
2575	3	Revision	November 13, 2018