

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

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Press release:

Review of Public Enquiries to the Banking Supervision Department, and Consumer Protection Measures in 2022–23, with Emphasis on Supervisory Measures during the Swords of Iron War

The Bank of Israel today published its review of public enquiries to the Banking Supervision Department for the years 2022–23. Handling public enquiries is one of the main tools available to the Banking Supervision Department to reinforce confidence and trust in the banks and improve fairness in the banks’ relationships with their customers, and to enforce compliance with the law on consumer-related issues.

The first part of the review describes the consumer-related actions taken by the Banking Supervision Department during the Swords of Iron War, as well as the concessions and programs that were promoted in the interests of the public. The following parts of the review focus on the supervisory policy and the enforcement actions performed to protect banking consumers, with emphasis on increased enforcement to correct systemic flaws using of multiple tools including monetary refunds to customers, imposition of monetary fines, and covert inspections.

**Supervisor of Banks Daniel Hahiashvili said,** “Against the backdrop of the war, the Banking Supervision Department has taken steps since the early phase of the military campaign, to ensure that the customers of the banking system receive critical banking services, and that the banking system maintains functional continuity and operates with heightened sensitivity to customers’ needs and challenges. The measures that the Banking Supervision Department has taken during the war are designed to achieve the Department’s key goals: to maintain the stability and the fairness of the banking system while granting concessions and support to customers during an emergency.”

**Review of the Banking Supervision Department during the Swords of Iron War**

Following the outbreak of the war, the Banking Supervision Department developed measures and tools to support the customers of the banking system in these challenging times. The solutions were designed to fit the needs of various population groups, including people directly affected by the hostilities, families of the hostages, families of fallen soldiers, evacuees, reservists, and small business owners, as well as for all customers of the banking system. These measures included: publication of a comprehensive loan repayment deferral program including concessions on credit terms and bank fees, establishment of an emergency supervisory call center to provide rapid responses to requests for assistance, visits to evacuees in hotel accommodations to offer on-site assistance to evacuees, collaborative efforts with government ministries to assist customers in realizing and protecting their rights, dissemination of information to reservists, legislative support, and other measures.

* **Individual response** - With the help of designated liaisons in the Banking Supervision Department and in the banking system, the Banking Supervision Department aims to respond personally to persons affected by the war with respect to protection of their bank accounts and prevention of abuse of bank accounts in their owners’ absence. Enlistment of the entire banking system in this initiative allowed the Banking Supervision Department to provide rapid, professional, and sensitive responses to the families of war victims, hostages, and evacuees.
* **The Banking Supervision Department and the banking corporations set up emergency call centers** – In October and November, the Banking Supervision’s emergency call center received approximately 2,600 war-related enquires. The Banking Supervision Department handled these urgent enquiries and also verified that the banking corporations set up designated emergency call centers for people experiencing financial stress as a result of the war.
* **Loan repayment deferral program** –To help customers deal with the financial ramifications of the war, the Banking Supervision Department published a loan and mortgage repayment deferral program for the general public. The program defined “first-circle” customers, who were directly affected by the war and were offered concessions in interest rates on their credit facilities and an exemption from bank fees. The program was later extended by expanding the definition of the “first-circle” customers, and the duration of the deferral program was extended several times. From the beginning of the war to end May 2024, approximately 418,000 loans in the amount of approximately NIS 8.2 billion, were deferred by the banks and credit card companies in line with the Bank of Israel’s program.

**Summary of the measures taken by the Banking Supervision Department during the Swords of Iron War:**

October 8, 2023 – The Banking Supervision Department sets up an emergency call center, including bank branches adapted their activities to the Homeland Security protection policy.

October 22, 2023 – Issue of Emergency Directive “Adjustments to Proper Conduct of Banking Business Directives to Deal with the Swords of Iron War”

October 26, 2023 – Issue of Checks without Cover Regulations – Preventing the Restriction of Bank Accounts during the Swords of Iron War

December 17, 2023 – Loan deferral program was extended and expanded to include bank accounts of the hostages, Nova Festival attendees, and others.

June 23, 2024 – Fourth 3-month extension to the program and inclusion of businesses with an annual turnover of up to NIS 10 million.

**Visits to affected and evacuated communities, and field meetings with reservists:**

October 15, 2023 – Publication of a comprehensive program to help customers deal with the ramifications of the Swords of Iron War

October 23, 2023 – The credit card companies adopted the comprehensive customer assistance program.

November 8, 2023 – Assistance programs expanded to include residents and business owners in northern Israel.

March 4, 2024 – Third extension of the comprehensive assistance program, inclusion of Midburn and Psyduck party attendees, and extension of concessions to reservists.

## Review of Public Enquiries Handled in the Years 2022–23

In 2022–23, the Banking Supervision Department handled approximately 10,000 enquiries and requests for information regarding consumer-related banking issues each year. Handling public enquiries creates opportunities to correct systemic defects in the banking system and to draw conclusions that can be applied to improve the banking corporations’ services to their customers. In the period reviewed in the report, the Banking Supervision Department continued to place emphasis on consumer-related enforcement and addressing systemic defects, through significant monetary refunds (for additional information on the cases with systemic implications, see Chapter C of the report).

## Highlights of the Review

1. Identifying and resolving systemic flaws

* Based on the Banking Supervision Department’s handling of complaints, systemic flaws were identified and N**IS 33 million were refunded** to customers, using a mechanism similar to class action awards.
* **6 monetary fines were imposed in the amount of NIS 5 million** – Fines were imposed on banking corporations for violations of consumer-related directives.

2. Public complaints handled by the Banking Supervision Department

* **NIS 2.5 million were refunded** in 2022-2023 to customers who submitted individual complaints.
* Of all the complaints on which the Banking Supervision Department issued a decision, **approximately 30 percent of the complaints** were found to be justified.
* **Approximately 70 percent of the complaints** submitted to the Banking Supervision Department concerned the quality of banking services, payment instruments, credit, and current accounts.

3. Public complaints handled by the banking corporations

* **Over 76,000 enquiries and complaints** were handled directly by the banking corporations’ ombudsmen in 2022-2023.
* **Approximately NIS 14 million** were refunded to the public by the banks in response to enquiries and complaints.

## Assessment of public enquiry handling by the five largest banks

With the aim of increasing transparency and improving the quality of public complaint handling, the report publishes key measures used to assess the performance of the five largest banks in handling customer disputes.

We examine four KPIs. The top performing banks in each KPI are:

1. **Ratio of each bank’s share of total complaints and enquiries handled by its ombudsman and its share in the banking system**

In 2023 - Bank Leumi ranked first, which means that Bank Leumi’s share in the enquiries and complaints handled by its ombudsman relative to its share in the banking system was the smallest.

In 2022 - Mizrahi Tefahot Bank ranked first.

2. **The ratio of a bank’s share in the complaints and enquiries handled by the Banking Supervision Department to its share in the banking system**

In 2023 – Hapoalim Bank ranked first, which means that ratio between Hapoalim Bank’s share in the enquiries and complaints handled by the Bank of Israel and its share in the banking system was the smallest.

In 2022 - Mizrahi Tefahot Bank ranked first.

3. **Ratio of justified complaints to total complaints decided**

In 2023 – First International Bank of Israel ranked first.

In 2022 - Mizrahi Tefahot Bank ranked first.

4. **Complaint response time**

In 2023 – Bank Leumi responded to enquiries handled by its ombudsman in the shortest time: 99 percent of all complaints received a response within 30 days.

In 2022 – Hapoalim Bank ranked first.

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The Consumer Enquiries and Inspections Unit in the Banking Supervision Department is

at the public’s disposal to resolve complaints and provide information on all topics related to banks and credit card companies.

To request information or submit a complaint on consumer-related banking issues, please contact the Unit:

* Online form on the Bank of Israel website (in Hebrew) <http://www.boi.org.il/he/ConsumerInformation/Pages/Default.aspx>
* Call center: 02-655-2680 or \*9086
* Fax: 02-666-9077
* Mail: PO Box 780, Jerusalem, 91007