



Measures taken by the BSD in response to “Swords of Iron” war

Moody’s meeting with the Bank of Israel’s Banking Supervision Department

October 2023



Objectives



Maintaining Business Continuity and preserving confidence in the banking institutions



Providing relief and support to costumers



Monitoring financial and operational risks



Operational deployment of the BSD

Internally

Dedicated taskforce within the BSD and the BoI

Establishing a Situation Estimate Forum with the Research Department

Increasing the frequency of BSD and BoI management meetings

Externally

Cooperating with national emergency authorities

Financial supervisors' coordination

Cooperation with other relevant authorities

With banks

Banks' CEO's Forum

Banks' Business Continuity Managers Forum

Banks' Cyber Security Managers Forum

Banks' Public Inquiries' Managers Forum



Providing relief and support to costumers

Providing assistance to businesses and households that are in financial distress

- BSD'S unified voluntary payment deferral program—adopted by banks. Another program is being outlined for credit card companies
 - **“First-degree customers”** - payments deferral for at least 3 months or up to an accumulated amount without interest of fees charges
 - **“Second-degree customers”** (all other bank customers) - payments deferral for at least 3 months or up to an accumulated amount without fees charges but with extra interest charges (that will not exceed the contractual interest rate)
- **BSD's public inquiries hotline** has been modified into an emergency format
- **Missing persons account** inquiries are being handled immediately and with increased sensitivity
- **Dedicated and sensitive handling of the issue of the misuse of credit cards** and bank account details of victims of the war
- **Payment applications** have been expanded transaction volumes and balances (Paybox)
- **Checks can be delayed** and the Supervisor's authority to cancel account restrictions due to bad checks retrospectively is being examined
- **Providing solutions for customers receiving social allowances**, especially in areas where branch operations are limited
- **Setting supervisory expectations** emphasizing the importance of increased sensitivity when dealing with customers and endeavoring to assist them to the full extent possible



Maintaining Business Continuity

- Working in collaboration with the National Emergency Taskforce
- Increasing cash availability in the Bank of Israel and in the banking system to meet the current high demand of the public.
- Bank branch operations have been made more lenient, allowing for limited operation in conflict areas, mobile bank branches, and service to customers of other banks
- Providing vital information to the public - The banking system is required to provide the general public with information regarding contact details, the locations of open branches, operating hours of branches and call centers, and any other relevant information.
- Banks' call centers have been given relief in response to the 6-minute law



Enhancing Cyber Security

- **Gathering additional information** from banks to identify new cyber threats to the system
- **Collaborating closely** with the National Cyber Emergency Response Team (CERT)
- **Increasing the frequency of convening the Forum for Banks' Cyber Security Managers (ongoing)**
- **Collaborating with the Israeli police** in its efforts to work with credit card companies
- **Receiving daily reports** from banks and credit card companies on cyber threats
- **Monitoring cyber security threats** and developing supervisory expectations and instructions that apply to the entire banking system



Monitoring financial and non-financial risks

- **Close dialogue with senior management of all banks**, including chief risk officers
- **Enhancing financial and non-financial risk monitoring, and setting up a specialized task force** in conjunction with the Research Department
- **Receiving an ad hoc report on financial and non-financial risks** as needed (directive 889)
- **Preparing for stress tests and sensitivity analysis**



Commercial banks' voluntary initiatives

- **Providing additional leniencies for customers**
 - Deferring mortgage payments to costumers affected by the war
 - Offering a three-month grace period for private and SME customers based on their financial situation and needs
 - Providing bridge loans to help customers during these difficult times
 - Offering non-interest bearing loans to customers living within a 40 km radius of conflict areas
 - Allowing customers to postpone loan payments via online channels
- Allowing customers to postpone credit card payments
- Reducing fees and commissions for customers
- Providing leniencies for withdrawing deposits
- Increasing banks and credit cards credit lines unilaterally for specific private and SME customers
- Allowing customers to apply for credit increases through online channels
- Dealing sensitively with checks from accounts with insufficient funds and suspending debt collection operations and letters



Measures taken by the BSD in response to the war*

- **Supervisor of banks' letter to the heads of the banks** detailing the measures that the banks are to take due to the war.
- **Dedicated and sensitive handling of the issue of the misuse of credit cards and bank account details of victims of the war.**
- **Restrictions on checking accounts** – the BSD is working to help with restrictions on the use of checks.
- **Adapting banking system branch activities** to the Homefront Command's protection measures.
- **Permitting the banking system to operate emergency banking services.**
- **Making information accessible and continuous updating of a page on the BOI website** answering FAQs from the public.

* BSD press release 12 October 2023.



Supervisor of banks' expectations*

Regarding customers:

- Maintaining Business Continuity
- Responding to customer inquiries, especially urgent and humanitarian inquiries
- Assisting and helping customers to meet their financial obligations
- Providing support on checking accounts
- Offering solutions for customers receiving social allowances

Regarding the bank:

- Operating emergency banking services
- Monitoring financial and operational risks
- Preparing for possible cyber-attacks and consumer fraud
- Partially activating ad hoc reports (directive 889)
- Conducting directorate meetings regarding supervisory expectations
- Banks' call centers have been given relief in response to the 6-minute law but should consider establishing a public inquiry hotline.

* Supervisor of banks' letter to banks and credit card companies, 12 October 2023.



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