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Date: May 21, 2015
In your response please note: 78312

To
Advocate Amos A. Rosenzweig
Legal Advisor
National Insurance Institute
Jerusalem

By Registered Mail

Dear Sir,

Re **Refusal to deposit NII pensions in Israeli bank accounts of Palestinians residing in Israel by virtue of renewable stay permits in the framework of a family unification procedure**

1. I hereby write to you and request that you act for the purpose of providing an immediate solution in **all branches of the National Insurance Institute (NII)** which would make it possible to update the Israeli bank account numbers of Palestinians residing lawfully in Israel in the framework of a family unification procedure (hereinafter: **Palestinians undergoing a family unification procedure**), so that NII pensions may be deposited in their accounts, as prescribed by law.
2. Recently, an amendment to the Prohibition on Money Laundering (Obligation of Identification, Reporting and Record-Keeping by Bank Institutions for the prevention of Money Laundering and the Financing of Terrorism) Order, 5774-2014 (hereinafter: **the amendment to the prohibition on money laundering order**) entered into force, which enables Palestinians residing lawfully in Israel under a stay permit to open an Israeli bank account.

A copy of the amendment to the prohibition on money laundering order is attached and marked **A**.

3. According to the amended order, an Israeli bank may open an account for persons holding a Palestinian identification card using the magnetic card or a valid passport for identification purposes. However, in view of the fact that these are foreign residents' accounts, the banks usually give the owner of the account **a fictitious identification number. In other words, the identification number which appears on the bank account report page is not the number of the Palestinian identification card of the account owner.** To overcome this difficulty, the bank gives the account owner a certificate of confirmation which creates a link between the name of the account owner and his account number and the number of his Palestinian identification card or the number of the magnetic card of the account owner, which enables to identify him as the owner of the account.



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4. While handling the matters of Palestinians holding family unification permits and who are entitled to receive pensions, we have recently encountered a phenomenon whereby the National Insurance Institute refuses to update the details of their bank accounts in the computerized system on the grounds that there is no compatibility between the fictitious identification number which was given by the bank to the owner of the account and the number of his Palestinian identification card. Said refusal remained in force even after the presentation of the above mentioned bank confirmation certificates, which creates a link between the identification number of the account owner and the details of the bank account, this time on the grounds that the computerized system of the National Insurance Institute is not ready to cope with a situation of this kind.
5. It should be noted that the National Insurance Institute **did update** the numbers of the Israeli bank accounts of Palestinians undergoing a family unification procedure, who receive child benefits for their children. Accordingly, child benefits are indeed transferred to their Israeli accounts. However, when survivors' pensions are concerned, we were provided with the above answer concerning the inability of the same computerized system to cope with this situation with respect to pensions/benefits other than child benefits. It may be reasonably assumed that the system has the same problem when additional pensions/benefits are concerned.
6. For demonstration purposes we shall present one of many examples: Mr. _____ Hamarsheh, Palestinian ID No. _____, is a widower who resides in Jerusalem with his children by virtue of renewable stay permits in the framework of a family unification procedure. Mr. Hamarsheh's claim for survivors' pension for his minor children, who are permanent Israeli residents, was approved. HaMoked applied on Mr. Hamarsheh's behalf and requested that the pension be transferred to the bank account which has been recently opened by him with Mercantile Discount Bank in Jerusalem.
7. The National Insurance Institute notified in a letter dated March 5, 2015, that "the bank's confirmation was erroneous or did not pertain to the resident". It was further argued in the letter that the identification number which appeared in the bank account was not Mr. Hamarsheh's number.

A copy of the response letter of the National Insurance Institute is attached and marked **B**.

8. On March 11, 2015, HaMoked wrote to Mr. Alian from the old age department that the numbers were different due to the difficulty involved in opening a bank account with a number of a Palestinian identification card. The response letter was sent together with the same bank certificate which connects between the identification details of Mr. Hamarsheh and the bank account opened by him. The bank's confirmation was addressed to the branch of the National Insurance Institute in East Jerusalem, and it explicitly stated that : "**Account No. _____ is in the name of _____ Hamarsheh, holder of Palestinian identification card No. _____ and magnetic card No. _____.**"

A copy of HaMoked's letter dated March 11, 2015, including the bank's confirmations is attached and marked **C**.

9. Even after the clarifications provided by HaMoked, the representative of the National Insurance Institute reiterated his position that the computerized

system of the National Insurance Institute could not make the connection between Mr. Hamarsheh's identification number and the number of the account.

10. It should be noted that in complete opposition to the decisive response of the NII's representative in the old age and survivors department, as far as child benefits are concerned, said benefits are transferred to Mr. Hamarsheh for his children directly to his Israeli bank account in Mercantile Discount Bank, the details of which are specified above. In other words, another department in the very same institute did not have any difficulty transferring the benefits, regardless of the incompatibility between the details of the account and the number of Mr. Hamarsheh's identification card.
11. As specified above, it is not an isolated case but rather a systemic problem of the National Insurance Institute, the computerized systems of which do not make the connection between the identification number of the Palestinian account owner and the identification details based on which the account was opened. Consequently, to date, the national insurance pensions which were approved for many families – including survivors pension, which is an extremely essential pension for the purpose of securing minimal sustenance for these families – are not transferred directly to their bank accounts and each time they must receive checks via the postal bank.
12. In view of the above, I apply to you and request that the National Insurance Institute finds a solution for the above general problem and adjusts the computerized system to the new legal situation according to which Palestinians holding stay permits in Israel may open bank accounts, in a manner which would enable the deposit of NII pensions directly in the accounts of the above group of entitled persons.
13. Your attention to the matter is appreciated!

Very truly yours,

Abir Joubran-Dakwar,
Advocate

Attachments: A-C