

HUMAN RIGHTS WATCH

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February 12, 2017

Mr. [REDACTED]
Director, External Relations and Public Affairs Dept.
The Association of Banks in Israel
Via e-mail: [REDACTED]@[REDACTED].il

Dear Mr. [REDACTED],

Human Rights Watch is preparing a publication analyzing the activities of Israeli banks in Israeli settlements in the West Bank, through the lens of the UN Guiding Principles on Business and Human Rights (UNGPR). The purpose of this letter is to invite you to provide information on such activities and your understanding of the domestic legal framework guiding those activities. Our report will reflect all pertinent information that you provide by February 26.

Human Rights Watch is an independent, nongovernmental organization that monitors and reports on human rights in 90 countries around the world. Our Israel and Palestine team researches and reports human rights violations by Israel, the Palestinian Authority and Hamas.

In January, HRW published a report, [Occupation, Inc.](#), analyzing business activities in Israeli settlements located in the occupied West Bank, through the lens of the UNGPR. Our research indicates that by supporting, facilitating and expanding settlements, business activity in Israeli settlements inherently contributes to and benefits from serious violations of human rights and international humanitarian law. Settlements are per se unlawful under international humanitarian law. Their existence and expansion is contingent on Israel's unlawful confiscation of Palestinian land and resources and a discriminatory two-tiered system of laws, rules, and services that Israel has imposed in the area of West Bank under its exclusive control.

For these reasons, we recommend that businesses cease all settlement-related activities, including locating activities in settlements, contracting for services in settlements and financing settlements or otherwise supporting settlements and settlement related-activities.

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Our current research indicates that Israeli banks are contributing to these violations by providing services that help maintain and expand settlements, including financing construction projects, providing mortgages, operating bank branches within settlements and providing loans and financial services to settlement municipalities.

I have reviewed a copy of the response you kindly provided to Danwatch for its recent report on banking in Israeli settlements, and with your permission, in some of my questions I will ask you to clarify and expand on the answers you provided regarding the Association's understanding of the domestic legal framework.

I would be grateful if you would respond to the following questions:

1. Is the Association of Banks in Israel familiar with the U.N. Guiding Principles on Business and Human Rights? If so, has it taken any steps to implement them or to encourage its members to implement them?
2. Does the Association or its members have any written policies regarding human rights compliance? If so, please send copies.
3. In your letter to Danwatch, you noted that "setting a policy at a bank, whereby banking services or credit would not be provided in connection with activity, such as mortgages, financing of building projects or provision of credit, in Judea and Samaria constitutes discrimination due to nationality, race, religious group and point of view which is prohibited under the law." Can you elaborate on why declining to provide services in a particular location would be considered discrimination based on nationality, race, religious group or point of view? On its face, such a policy would seem linked to the location of the service provision, not the religious, national, racial or political identity of the person to whom it is provided.
4. Have any of the Association's members ever been sued under the anti-discrimination law for declining to provide services in Israeli settlements in the West Bank?
5. Does Israeli law require any particular bank to establish a bank branch in any particular location?
6. In your letter to Danwatch, you refer to The Israeli Sale Law (Houses)(The Protection of House Purchasers), 1974, which requires contractors to obtain bank guarantees as a condition of moving forward with a construction project. Does the law require any particular bank to provide such guarantees to any particular project?

Please send your written response by February 26, 2017, so that we can include it in our publication. We of course also welcome any additional comments or responses you wish to provide, and we will reflect them in our upcoming publication, including a hyperlink to your response in its entirety.

I thank you in advance for your kind cooperation.

Sincerely yours,

Sari Bashi

Israel Advocacy Director

Middle East and North Africa

Human Rights Watch

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