Israel/Palestine: Israeli Banks Supporting Settlements

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Human Rights Watch

https://www.hrw.org/news/2017/09/13/israel/palestine-israeli-banks-supporting-settlements

No Domestic Obligation to Provide Many Services That Aid Rights Abuses

(Jerusalem) – Despite their claims, [Israel’s](https://www.hrw.org/middle-east/n-africa/israel/palestine) largest banks are not required by domestic law to provide many of the services and financing that help support, maintain, and expand unlawful settlements in the occupied West Bank, Human Rights Watch said in a [report](https://www.hrw.org/news/2017/09/13/israeli-law-and-banking-west-bank-settlements) released today.

In doing so, these banks violate their international law responsibilities to avoid contributing to human rights and other abuses, including unlawful land seizures, discrimination against Palestinians, and de facto annexation of the West Bank by Israel. Without these banking activities, settlement maintenance and expansion would be more difficult.

“Israeli banks are financing settlement construction and facilitating settlement expansion as a matter of choice, not because they are somehow required to do so under domestic law,” said [Sari Bashi](https://www.hrw.org/about/people/sari-bashi), Israel and Palestine advocacy director at Human Rights Watch. “Institutional investors should insist that the banks clarify the extent of their settlement activities and which if any laws would prevent them from ending these activities.”

For years, some foreign investors have raised concerns about the involvement of Israeli banks in furthering settlement maintenance and expansion, including by financing construction projects, providing loans to settlement councils, which are similar to municipalities, and mortgage loans to home-buyers in settlements, and operating bank branches there. Investors such as the [United Methodist Church pension fund](http://www.umc.org/news-and-media/israeli-banks-on-ineligible-list-for-pensions-agency) and the [Dutch pension fund PGGM](https://www.pggm.nl/english/who-we-are/press/Pages/Statement-regarding-exclusion-of-Israeli-banks.aspx) have divested from Israel’s five largest banks, citing their involvement in settlements as being inconsistent with those funds’ human rights policies.

Settlements are unlawful under international humanitarian law. They contribute to the Israeli authorities’ discriminatory regime in the occupied West Bank, restricting and stunting Palestinian development while subsidizing and supporting Israeli settlements built on land unlawfully seized from Palestinians. International humanitarian law forbids an occupying power from using land except for military purposes or for the benefit of the local population living under occupation.

Human Rights Watch reviewed arguments made by Israeli banks that they are obliged by Israeli domestic law to provide these services and therefore cannot cease their activities in settlements.

While Israeli law does require banks to open accounts for qualifying settlement businesses and institutions that apply and requires some service provision to settlers inside bank branches, Human Rights Watch found no domestic law obligating them to provide many of the services they provide inside and to settlements, including providing financing and mortgage loans that facilitate building homes for Israelis, on land unlawfully seized from Palestinians and off-limits to them.

Settlements [inherently contribute to serious human rights abuses](https://www.hrw.org/report/2016/01/19/occupation-inc/how-settlement-businesses-contribute-israels-violations-palestinian). The transfer of an occupying power’s civilians into occupied territory constitutes a war crime. Because these abuses are inherent in Israel’s settlement enterprise – businesses do not have the ability to give back the land, allow Palestinians to access it, or dismantle the roadblocks set up to protect settlers – businesses have a responsibility to cease doing businesses in or with Israeli settlements, including locating or carrying out activities inside settlements; financing, administering, or otherwise supporting settlements or settlement-related activities and infrastructure; and contracting to purchase settlement-manufactured goods or produce.

The United Nations Guiding Principles on Business and Human Rights, which most large companies accept, require businesses to refrain from contributing to or benefiting from serious violations of human rights or international humanitarian law.

Israeli banks should cease their settlement-related activities. Institutional investors should engage the Israeli banks in which they invest on their settlement-related activities as part of their responsibility to conduct human rights due diligence, Human Rights Watch said. They should determine the extent of the banks’ involvement in settlement-related activities, their future plans, their understanding of the domestic legal framework, and their willingness to ensure that investor funds are not used for these activities. These institutional investors should ensure that their business relationships are free from settlement-related products or investments.

“Israeli banks are making business decisions that contribute to serious human rights abuses,” Bashi said. “Their investors should insist on getting answers about the activities their money is funding.”