

B. Nonfinancial Private Sector debt¹

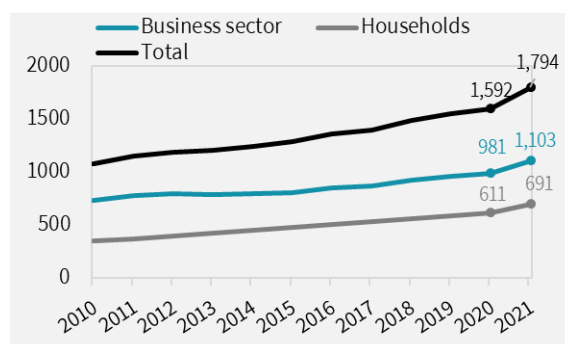
The outstanding debt of the nonfinancial private sector increased by about 13 percent in 2021, significantly higher than the increases of the past two years (an average of about 4 percent in 2019–2020). The outstanding debt of the nonfinancial business sector increased significantly, by about NIS 122 billion (12 percent) in 2021, mainly due to net debt issuances through bank loans, which were focused in the large business segment, mainly companies from the construction and real estate industries. Outstanding household debt also increased markedly, by about NIS 80 billion (13 percent), mainly due to the significant increase in outstanding housing debt, the growth rate of which was greatly accelerated in 2021. Outstanding nonhousing debt also increased this year, by about 10 percent, after declining in the previous year.

1. Nonfinancial Private Sector (business and household) debt as share of GDP

The rate of change of outstanding debt in both sectors was significantly higher in 2021 than in previous years.

The growth rate of the outstanding debt of the nonfinancial private sector accelerated in 2021 to about 13 percent at the end of the year—significantly higher than the average of the past decade, which was about 4 percent per year. By the end of the year, outstanding business sector debt had increased by about 12 percent (compared to an annual average of about 3 percent in the past decade) and outstanding household debt increased by about 13 percent (compared with an annual average of about 6 percent in the past decade).

Figure 2.1: Outstanding Nonfinancial Private Sector Debt
NIS billion



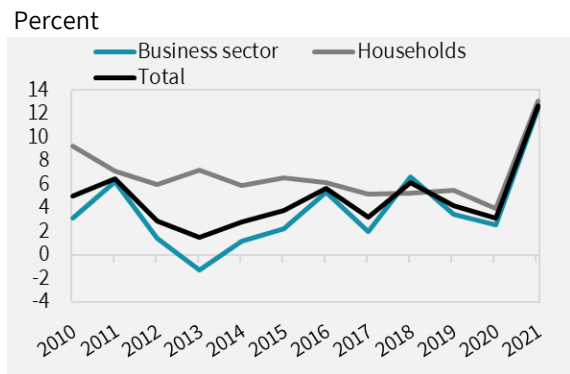
SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

¹ This section deals with the debt of the nonfinancial private sector to main lenders (banks, institutional investors, and nonresidents), and does not include debt to other lenders (such as private credit companies). For further details, see the explanation in Data Sources and Main Terms at the end of the section. Data on the debt to banks are based on monthly balance-sheet data and not on data from the annual financial statements, since the statements for 2021 have not all yet been published.

The rate of change of outstanding debt in both sectors was significantly higher in 2021 than in previous years.

The growth rate of the outstanding debt of the nonfinancial private sector accelerated in 2021 to about 13 percent at the end of the year—significantly higher than the average of the past decade, which was about 4 percent per year. By the end of the year, outstanding business sector debt had increased by about 12 percent (compared to an annual average of about 3 percent in the past decade) and outstanding household debt increased by about 13 percent (compared with an annual average of about 6 percent in the past decade).

Figure 2.2: Annual Rates of Change in Outstanding Debt of the Nonfinancial Business Sector



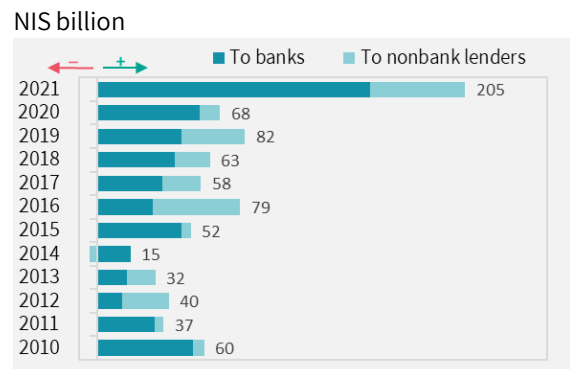
SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

The increase in outstanding private sector debt this year was due to net debt raised, both from banks and from nonbank lenders.

The private sector raised a net total of about NIS 205 billion in debt, further to the positive issuances of the past decade, while the volume was higher than in recent years.

Bank debt, which is mostly issued through loans, increased by about NIS 152 billion, while nonbank debt increased by about NIS 53 billion.

Figure 2.3: Estimated net Debt Raised (quantitative change) of the Entire Nonfinancial Private Sector



SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

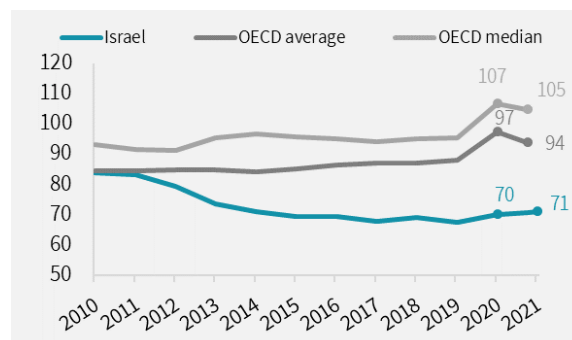
2. Nonfinancial business sector debt

The growth rate of business sector debt to nonbank lenders declined during the year, compared with an increase in debt to banks.

The growth rate of debt to nonbank lenders continued to decline, similar to the previous two years. In 2020, the rate of change was about -1 percent. The decline in debt to nonresidents was prominent this year. However, there was an increase in the rate of change of debt to banks, to about 6 percent, mainly in the fourth quarter of the year.

Figure 2.4: Outstanding Business Sector Debt

Percent of GDP



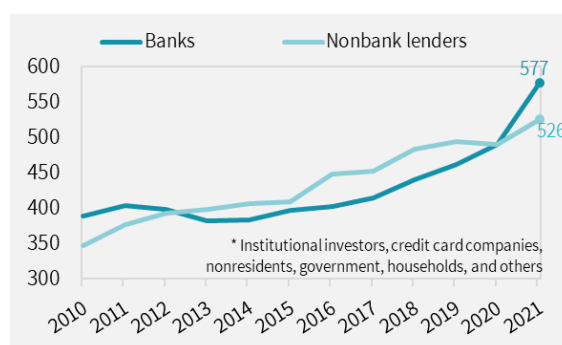
SOURCE: Based on Tel Aviv Stock Exchange, Central Bureau of Statistics, BIS, reports to the Bank of Israel.

Outstanding business sector debt, both to the banks and to nonbank lenders, increased significantly in 2021.

About half of outstanding debt is to the banks, and during 2021, that debt increased by about NIS 86 billion (about 18 percent) to about NIS 577 billion. Outstanding debt to nonbank lenders increased by about NIS 36 billion (about 7 percent) to about 526 billion, following a small decline in the previous year.

Figure 2.5: Outstanding Business Sector Debt by Lender

NIS billion



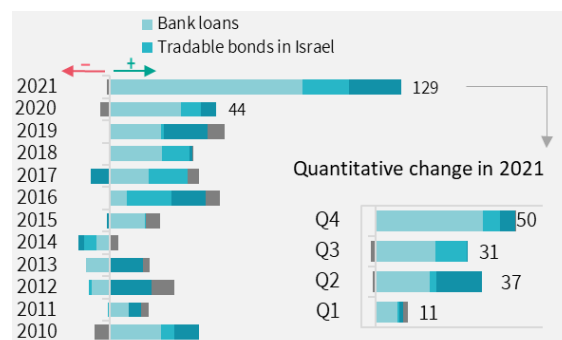
SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

The increase in business sector debt was due to net debt raised (quantitative change), which were focused in bank loans.

The business sector raised a net total of about NIS 129 billion in debt in 2021. Most of that debt (about NIS 87 billion; 67 percent) was raised through bank loans, mainly in the fourth quarter of the year. Net debt raised abroad totaled about NIS 23 billion, mostly in the second quarter of the year. Debt raised through tradable bonds in Israel was prominent in the third quarter of the year, totaling about NIS 11 billion, in view of the high issuances during the third quarter. (For more details, see “Zoom In” at the end of this section.)

Figure 2.6 : Estimated Net Debt Raised (quantitative change) by the Business Sector

NIS billion



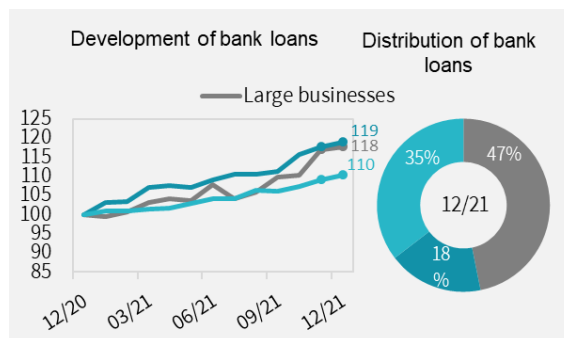
SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

The balance of business sector loans from the banks increased at a high rate across the business sector, mainly in the large and medium business segments.

About half of bank loans are to large businesses. The balance of loans in this segment increased by about 18 percent during the year, mainly in the fourth quarter. The balance of loans to medium businesses increased by about 19 percent, and the balance to small and micro businesses increased by about 10 percent since the start of the year.

Figure 2.7: Bank Loans by Business Size

Distribution (percent) and development (index)

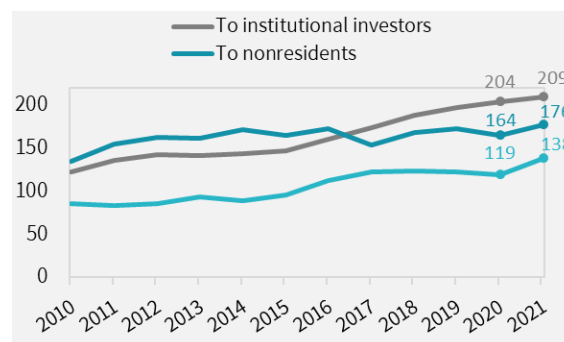


SOURCE: Based on banking system reports to the Banking Supervision Department.

Most of the increase in nonbank debt was in debt to households and nonresidents, alongside a more moderate increase in debt to institutional investors.

Business sector debt to nonbank lenders increased by about NIS 36 billion (about 7 percent) in 2021, to about NIS 526 billion at the end of the year. Most of the increase (about NIS 18 billion) was in outstanding debt to households and others (through their holdings of tradable bonds). This was a significant increase, following no significant increase between 2017 and 2020. Debt to nonresidents increased by about NIS 12 billion, and debt to institutional investors increased moderately, by about NIS 5 billion.

Figure 2.8: Balance of Business Sector Debt to the Main Nonbank Lenders



SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

Households' and others' holdings of the business sector's tradable bonds in Israel expanded significantly.

The balance of the business sector's tradable bonds in Israel increased by about NIS 23 billion (about 11 percent) in 2021—significantly more than in recent years. Households' and others' holdings expanded markedly by about NIS 18 billion (about 15 percent), while institutional investors' holdings of such bonds increased by about NIS 4 billion (about 4 percent).

Figure 2.9: Balance of Tradable Bonds in Israel by Holder

NIS billion

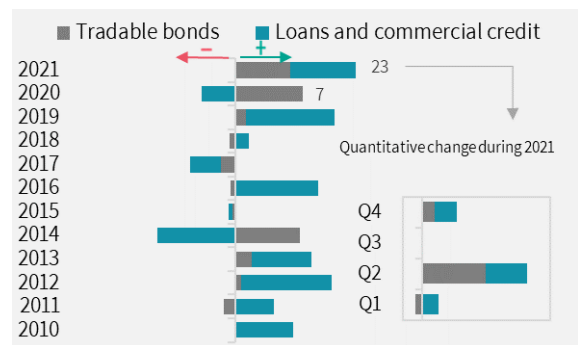


SOURCE: Based on Tel Aviv Stock Exchange and reports to the Bank of Israel.

The increase in the business sector’s debt abroad was due to net debt raised through bonds and loans, and was concentrated in the second quarter of the year.

Net debt raised abroad totaled about NIS 23 billion in 2021, most of which (about NIS 16 billion) was raised in the second quarter of the year. About half of net debt raised was through loans and commercial credit, and about half was raised through tradable bonds abroad.²

Figure 2.10: Estimated Quantitative Change in Business Sector Debt Abroad
NIS billion

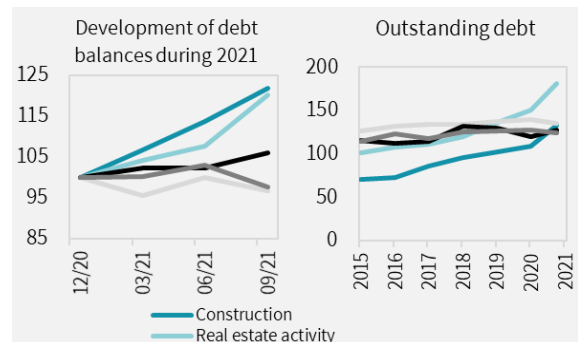


SOURCE: Based on Tel Aviv Stock Exchange, Central Bureau of Statistics, and reports to the Bank of Israel.

The increase in the outstanding debt of companies in the construction and real estate industries accelerated.

There was a prominent increase this year in the outstanding debt of companies in the construction and real estate industries, totaling about 22 percent in the construction industry and about 20 percent in the real estate industry. For more information, see “Zoom In” in this section.

Figure 2.11: Debt of the Five Largest Industries
Balances (NIS billion) and development (index)



SOURCE: Based on Tel Aviv Stock Exchange, Central Bureau of Statistics, and reports to the Bank of Israel.

About 66 percent of total business sector debt is concentrated in five industries: Real estate activity, financial services, trade, manufacturing and production, and construction.^{3 4}

² For further details, see the “Activity vis-à-vis abroad” section in this report.

³ For a breakdown of the nonfinancial business sector’s outstanding debt by industry, see the paper in the second part of the Statistical Bulletin for 2019.

⁴ The data in the breakdown by industry are as of the end of September 2021. The main component that is not classified is “Direct loans from institutional investors to the business sector”, which accounts for about 8 percent of total debt. As such, the listed debt of some industries is an under-estimate.

3. Household debt

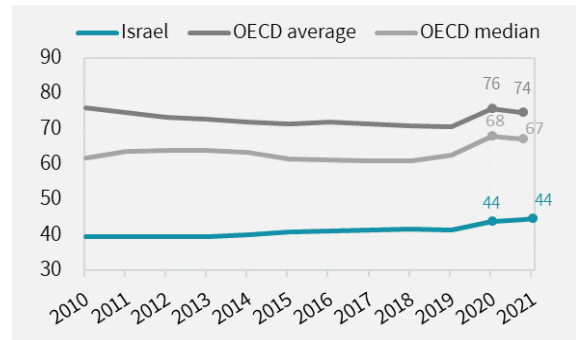
The ratio of household debt to GDP increased moderately in 2021, further to its upward trend in recent years.

The ratio of household debt to GDP increased by 0.9 percentage points in 2021, to about 44.5 percent at the end of the year. Household debt increased by about 13 percent, and GDP increased by about 11 percent in current prices.

Despite the increase, this ratio is significantly lower than the OECD average (74 percent). The ratio declined in the OECD this year, following a sharp increase in 2020 in view of the COVID-19 crisis.

Figure 2.12: Household Debt

Percent of GDP



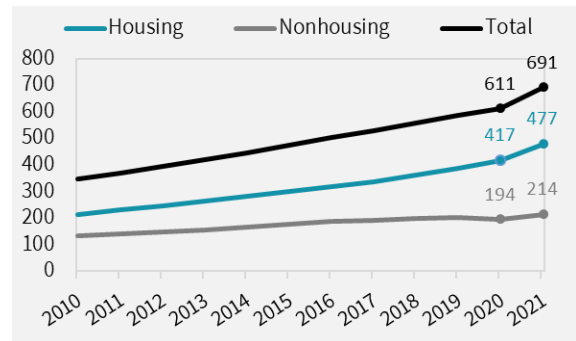
SOURCE: Based on Tel Aviv Stock Exchange, Central Bureau of Statistics, BIS, and reports to the Bank of Israel.

The marked increase in households' outstanding housing debt was prominent. The balance of nonhousing debt resumed its increase this year after declining in the previous year.

Household's outstanding debt increased by about NIS 80 billion (13 percent) in 2021, to about NIS 691 billion. Outstanding housing debt increased by about NIS 60 billion—a higher volume than in recent years. Outstanding nonhousing debt increased by about NIS 20 billion, returning to the upward trend of the years preceding 2020.

Figure 2.13: Outstanding Household Debt, Housing and Nonhousing

NIS billion



SOURCE: Based on reports to the Bank of Israel.

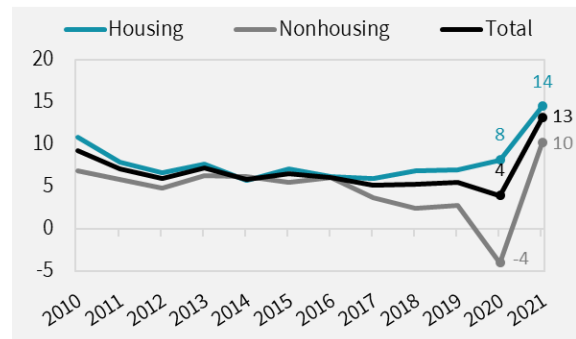
The rate of change in housing debt continued to increase, further to previous years. There was also an increase in the annual rate of change in nonhousing debt, contrary to the decline in the previous year.

The rate of change of housing debt remains high, even more than in previous years, at about 14 percent at the end of the year.

There was a sharp increase in the rate of change of nonhousing debt this year, to about 10 percent, in view of the increase in private consumption, and following a decline in the rate of change in 2020 in view of the COVID-19 crisis.

Figure 2.14: Annual Rates of Change in Households' Outstanding Debt

Percent

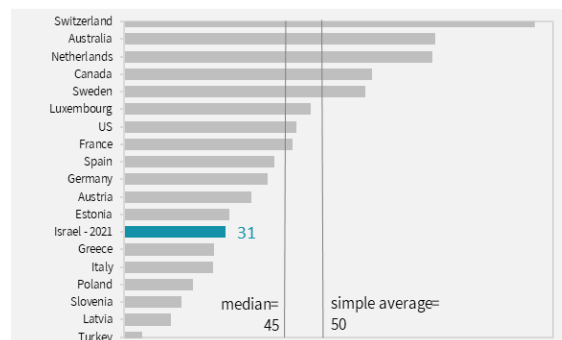


SOURCE: Based on reports to the Bank of Israel.

Despite the growth in housing debt in Israel, the ratio of this debt to GDP remains low by international comparison.

Outstanding housing debt as a share of GDP in Israel was about 31 percent at the end of the year, compared with an average ratio of about 50 percent in the OECD.⁵

Figure 2.15: Households' Housing Debt, 2020
Percent of GDP



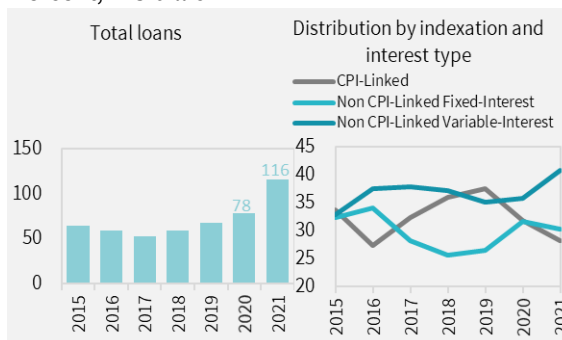
SOURCE: Based on Tel Aviv Stock Exchange, Central Bureau of Statistics, OECD, and reports to the Bank of Israel.

The increase in housing loans was due to the sharp increase in the volume of new mortgages taken out from banks, with an increase in the rate of new mortgages with variable interest rates.

The volume of new mortgages taken out from banks in 2021 totaled about NIS 116 billion, significantly higher than the volumes in previous years (which averaged about NIS 64 billion per year).

About 41 percent of the borrowed amount was in the unindexed variable rate track—an increase over previous years, in view of the removal of the restriction on the percentage of the mortgage that could be taken on the prime-indexed track at the end of 2020.

Figure 2.16: New Bank Loans for the Purchase of a Dwelling
Percent, NIS billion

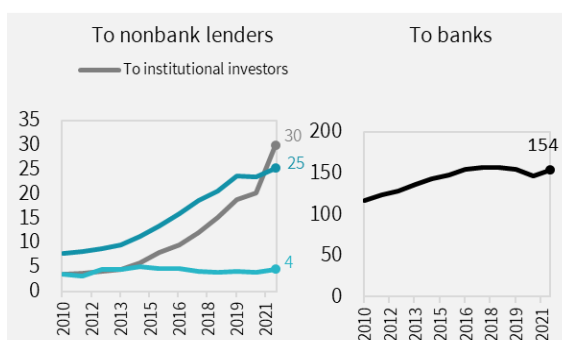


SOURCE: Based on banking system reports to the Banking Supervision Department.

Most of the increase in nonhousing debt was concentrated in debt to nonbank lenders.

Most of the increase in outstanding nonhousing debt was due to an increase in outstanding debt to institutional investors, totaling about NIS 10 billion, and to credit card companies, totaling about NIS 2 billion. However, the debt balances to these sources is relatively small. The balance of nonhousing debt to the banks was about NIS 154 billion at the end of the year, constituting about 72 percent of nonhousing debt, a weight that has been declining in recent years.

Figure 2.17: Households' Outstanding Nonhousing Debt by Lender
NIS billion



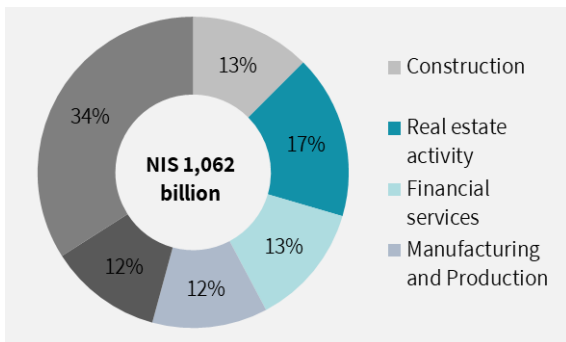
SOURCE: Based on reports to the Bank of Israel.

⁵ Data on Israel are as of December 2021. Data on OECD countries are as of December 2020.

BREAKDOWN OF OUTSTANDING NONFINANCIAL BUSINESS SECTOR DEBT BY INDUSTRY

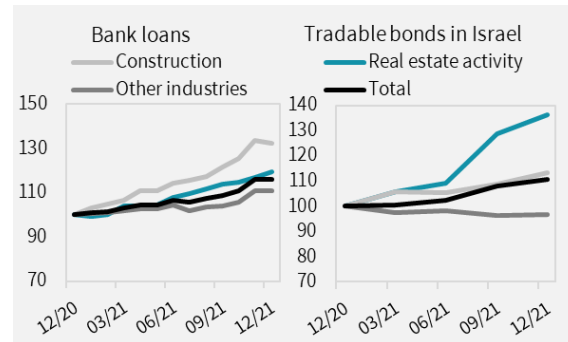
About two-thirds of outstanding business sector debt is concentrated in five industries, which include the real estate activity industry and the construction industry.

Figure 2.18: Outstanding Business Sector Debt by Industry, September 2021 (percent)



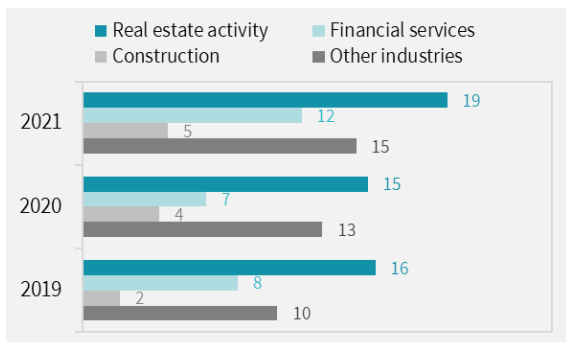
The increase in outstanding debt of companies from the real estate activity industry through tradable bonds in Israel, and the increase in outstanding debt of construction companies from bank loans, are prominent.

Figure 2.19: Development of Bank Loan and Tradable Bonds in Israel Balances in 2021 (index)



Companies from the real estate activity industry were also prominent in raising debt through bonds in Israel, and increased the volume of their issuances this year.

Figure 2.20: Business Sector Issuances of Tradable Bonds in Israel by Industry (NIS billion)



The number and volume of issuances increased this year, alongside an increase in the number of issuing companies. The issuances were concentrated mainly in the real estate activity industry.

Figure 2.21: Distribution of the Business Sector's Tradable Bond Issuances in Israel by Size of Issuance and Industry (NIS billion)



Main indicators of nonfinancial private sector debt



	2015	2016	2017	2018	2019	2020	2021
Nonfinancial business sector debt							
Total business sector debt (NIS billion, end of period)	790	807	850	867	924	962	986
Estimated net quantitative change (NIS billion, yearly cumulative)	-10	21	50	32	37	57	45
Percentage of nonbank debt (end of period)	51	51	53	52	52	52	50
Percentage of tradable debt (end of period)	24	23	24	25	25	24	25
Percentage of unindexed debt (end of period)	42	44	46	49	49	50	51
Percentage of CPI-indexed debt (end of period)	30	29	28	28	27	26	26
Percentage of debt denominated in or indexed to foreign exchange (end of period)	28	26	26	24	25	24	23
Business sector debt to GDP ratio (percent, end of period)	71	69	69	68	69	68	71
Household debt							
Total household debt (NIS billion, end of period)	445	474	503	529	557	588	612
Estimated net quantitative change - net credit taken out (NIS billion, yearly cumulative)	24	31	30	26	25	31	26
Total new mortgages taken out (NIS billion, yearly cumulative)	52	65	59	53	60	68	78
Percentage of housing debt (end of period)	63	63	63	64	65	66	68
Percentage of unindexed debt (end of period)	58	63	65	66	66	66	66
Percentage of CPI-indexed debt (end of period)	40	36	34	33	33	34	33
Percentage of debt denominated in or indexed to foreign exchange (end of period)	1	1	1	1	1	1	0.5

SOURCE: Bank of Israel data



The Bank of Israel Information and Statistics Department manages a database of activity in the credit market. The Department gathers data and information from reports and other sources, processes them into an overall consistent dataset, and calculates the economy's credit aggregates by various segmentations. The data sources are reports from the banking system to the Banking Supervision Department; quarterly financial statements by the credit card companies; reports from institutional investors to the Ministry of Finance and the Bank of Israel; the Tel Aviv Stock Exchange; direct reports from large Israeli corporations to the Bank of Israel regarding their activity vis-à-vis nonresidents; reports by the banks and other financial intermediaries to the Bank of Israel regarding nonresidents' holdings of Israeli financial assets; and the Ministry of Finance.

I The nonfinancial private sector

The nonfinancial private sector is comprised of the business sector (Israeli commercial firms that are not banks or insurance companies) and households. This section focuses on the nonfinancial private sector's debt to the main lenders (banks, institutional investors and nonresidents), and does not include debt to other lenders (such as private credit companies). The assessment is that the volume of other lenders' activity is small relative to that of the main lenders, and they are not currently included in the aggregates due to a lack of data. Gathering such data is expected to increase after data collection by the Capital Market, Insurance and Savings Authority, which is responsible for granting licenses to credit providers under the Supervision of Financial Services Law (Regulated Financial Services), 5776–2016, is completed, and after the credit data register is established and activated by the Bank of Israel in accordance with the Credit Data Law, 5776–2016.

I Outstanding debt

Outstanding debt shows the stock of credit (positions, stocks) from the point of view of the borrower at a given point in time. The value of the debt does not depend on the market value of the bond or the value of the loans in the lenders' books. Therefore, outstanding bonds are presented at adjusted par value and outstanding loans are presented before deduction of loan loss provisions in the lenders' books (such as doubtful or problematic debt provisions in the banks' balance sheets).

I Estimated net quantitative change, quantitative increase/decrease of debt Net debt raised / net debt repaid

Estimated net quantitative change, quantitative increase/decrease of debt Net debt raised / net debt repaid is the change in outstanding debt, which shows economic activity in the credit market. The change in outstanding debt is influenced by net debt issuance (new credit raised, such as taking a loan or issuing bonds, minus repaid credit, such as repaid loans or repayment of bonds), by payment and accumulation of interest, by price changes (such as a change in the Consumer Price Index for CPI-indexed debt), and by other factors .

Due to a lack of direct data on each of these components, an "estimated net quantitative change" is calculated from data on outstanding debt. The estimated quantitative change during a given period is calculated as the difference between outstanding debt at the end of the period and the outstanding debt at its beginning, minus relevant price changes.

I Housing loans from the banks

Housing loans from the banks as reported to the banks by customers, are defined as loans that fulfill one of the following conditions (provided that they were not issued for business purposes): the loan is intended for the purchase, leasing, construction, expansion or renovation of a residential dwelling; for the purchase of a plot for the construction of a residential dwelling or for the purchase of rights to a residential dwelling in return for key money; or to finance the early repayment of a loan described in the first two conditions, in whole or in part.

I Nonhousing loans from the banks

Nonhousing loans from the banks as reported to the banks by customers, are defined as loans from the banks to private individuals (including overdrafts) and to private Israeli non-profit organizations, the purpose of which is not housing. These also include loans with a dwelling as collateral that are not for residential purposes (all-purpose loans).

I Households' negative current account balance (overdraft)

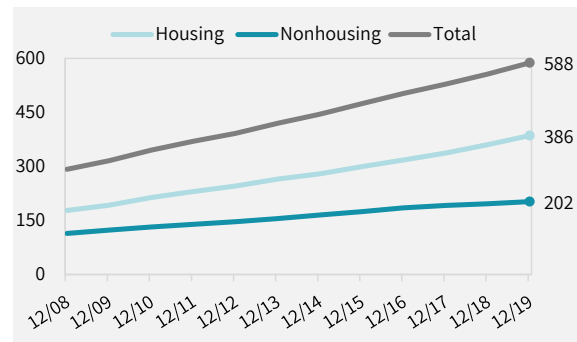
Households' negative current account balance (overdraft) is included in outstanding nonhousing debt to the banks. The negative balance is defined as the actual utilization of a credit facility allocated in current accounts of private customers. If an exception is approved beyond the credit facility in the current account, this exception will also be included in the negative account balance section.

4. Household debt

The increase in the balance of household debt continued, for both housing and nonhousing debt, with the increase in housing debt being more prominent.

The balance of household debt increased by about NIS 31 billion (5.6 percent) in 2019, to about NIS 588 billion. There were increases in the balances of both housing debt (about NIS 25 billion) and nonhousing debt (about NIS 6 billion).

Figure 2.10: Outstanding Household Debt, Housing and Nonhousing
NIS billion

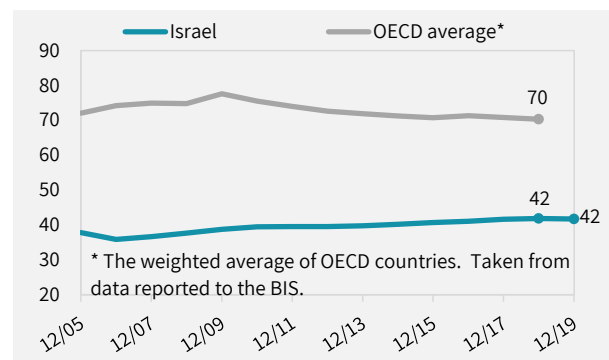


Notwithstanding the increase in the balance of household debt, the ratio of household debt to GDP remained stable.

The ratio of housing debt to GDP remained almost unchanged in 2019, at about 42 percent.

The ratio of housing debt to GDP in Israel is low by international comparison.⁶

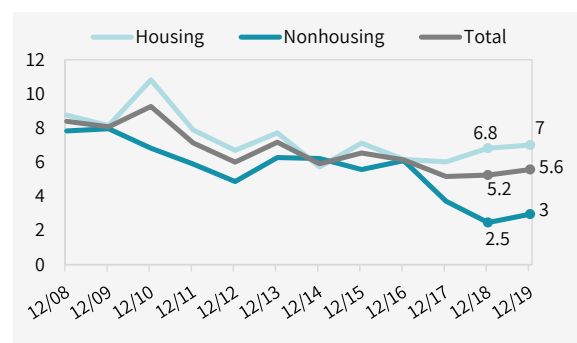
Figure 2.11: Household Debt
percent of GDP



The rate of change of nonhousing debt increased in 2019, contrary to the downward trend of the previous two years, but remained lower than the rate of change of housing debt.

The rate of change of nonhousing debt increased by about 0.5 percentage points, to about 3 percent. The growth rate of housing debt remains more rapid than that of nonhousing debt, similar to previous years, and it rose by about 0.2 percentage point to about 7 percent at the end of the year.

Figure 2.12: Annual Rates of Change in Outstanding Household Debt, Housing and Nonhousing
Percent

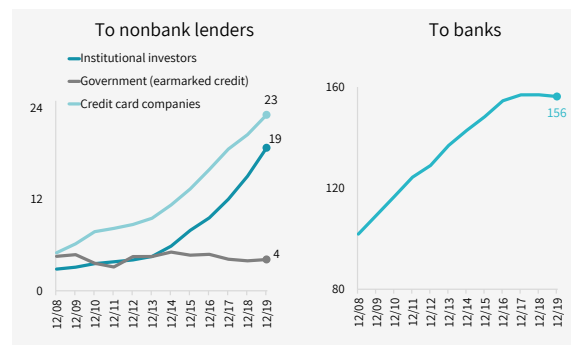


⁶ For more information, see “Zoom In” at the end of the “Nonfinancial private sector debt” section in Part One of the Statistical Bulletin for 2018, and Chapter 4 of the Bank of Israel Annual Report for 2018.

Most of the increase in nonhousing debt was concentrated in debt to nonbank lenders, while debt to banks remained stable.

The balance of households' nonhousing debt increased by about NIS 6 billion (3 percent) to about NIS 202 billion. Most of the growth was due to an increase in the balance of debt to institutional investors (about NIS 3.7 billion) and credit card companies (about NIS 2.6 billion), although the debt balances to these entities are relatively small. The balance of nonhousing debt to the banks was about NIS 156 billion at the end of the year, accounting for about 77 percent of nonhousing debt—a proportion that has been declining in recent years. About 6 percent of outstanding debt to the banks is in the form of negative bank balances (overdraft).^{7, 8}

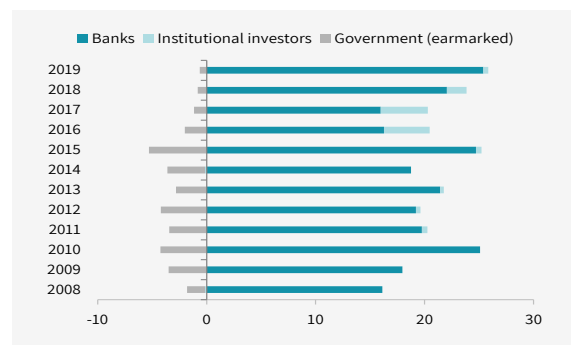
Figure 2.13: Households' Outstanding Nonhousing Debt, by Lender
NIS billion



Similar to previous years, most of the increase in outstanding housing debt was in debt to the banks.

The balance of households' housing debt totaled about NIS 386 billion at the end of the year. The balance of debt to the banks increased by about NIS 25 billion (7.5 percent) to about NIS 364 billion. The balance of debt to institutional investors increased by a lower rate than the previous year (3.4 percent compared with 15.3 percent), to about NIS 14 billion at the end of the year.

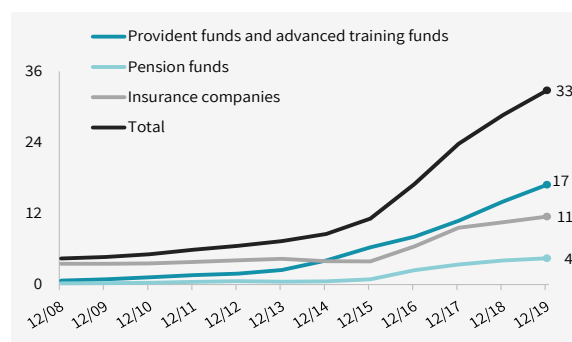
Figure 2.14: Changes in Households' Outstanding Housing Debt, by Lender
NIS billion



The increase in loans to households encompassed all types of institutional investors.

The balance of loans taken out by households from the institutional investors, for both housing and nonhousing purposes, continued to increase in 2019, to about NIS 33 billion. The increase was mainly concentrated in loans from the provident funds and advanced training funds (about NIS 3 billion), which reached a total of about NIS 17 billion at the end of the year. There were also increases in loans from the insurance companies (about NIS 11 billion) and the pension funds (about NIS 4 billion).

Figure 2.15: Outstanding Household Debt to Institutional Investors, by Type of Institution
Nis billions



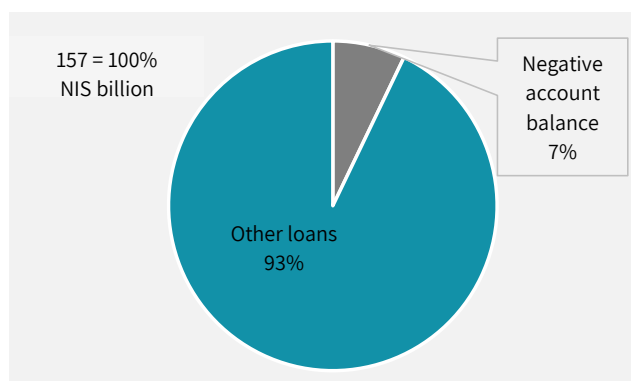
⁷ See Data Sources and Main Terms at the end of this section.

⁸ For more information, see "Zoom In" at the end of this section;

► HOUSEHOLDS' NEGATIVE CURRENT ACCOUNT BALANCE (OVERDRAFT)

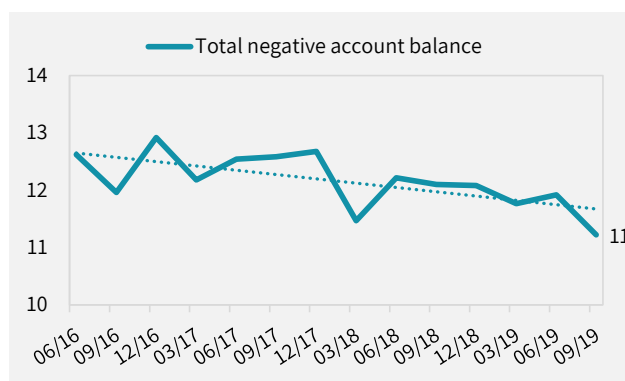
Households' negative account balance accounted for about 7 percent of nonhousing debt to the banks in the third quarter

Figure 2.16: Negative Account Balance as a Share of Households' Nonhousing Debt to the Banks, Sept. 2019



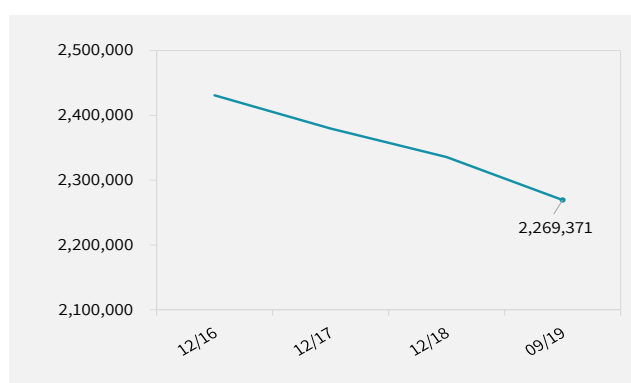
Households' negative account balance declined to about NIS 11 billion in 2019, further to the downward trend in the reviewed years

Figure 2.17: Households' Negative Account Balance



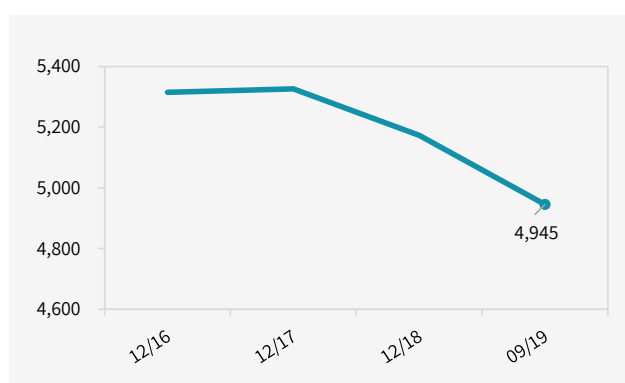
The number of accounts with a negative balance declined in 2019, further to the decline in recent years

Figure 2.18: Number of Accounts⁹ With Negative Balances



The average negative account balance has declined in recent years

Figure 2.19: Average Negative Account Balance per Household Account



A variety of factors may explain the development of the decline in households' negative account balances. These include increased credit options for households, which have improved their ability to borrow in an orderly fashion with interest rates that are lower than the rates on account overdrafts; increased household income, which is reflected in a decline in unemployment levels and in an increase in the average wage; households' financial literacy; and more.

SOURCE: Bank of Israel data.

⁹ Account as defined in the reporting format: a bank that can attribute all of the borrower's accounts shall report at the borrower level and not at the account level.



Main indicators of nonfinancial private sector debt

	2013	2014	2015	2016	2017	2018	2019
Nonfinancial business sector debt							
Total business sector debt (NIS billion, end of period)	781	790	807	850	862	924	958
Estimated net quantitative change (NIS billion, yearly cumulative)	7	-9	20	50	31	43	51
Percentage of nonbank debt (end of period)	51	51	51	53	52	52	52
Percentage of tradable debt (end of period)	23	24	23	24	25	25	24
Percentage of unindexed debt (end of period)	40	42	44	46	49	49	50
Percentage of CPI-indexed debt (end of period)	33	30	29	28	28	27	27
Percentage of debt denominated in or indexed to foreign exchange (end of period)	27	28	26	26	23	24	24
Business sector debt to GDP ratio (percent, end of period)	74	71	69	69	68	69	68
Household debt							
Total business sector debt (NIS billion, end of period)	420	445	474	503	529	557	588
Estimated net quantitative change (NIS billion, yearly cumulative)	25	24	30	30	25	25	31
Percentage of nonbank debt (end of period)	63	63	63	63	64	65	66
Percentage of tradable debt (end of period)	55	58	63	65	66	66	66
Percentage of unindexed debt (end of period)	44	40	36	34	33	33	33
Percentage of CPI-indexed debt (end of period)	1	1	1	1	1	1	1
Percentage of debt denominated in or indexed to foreign exchange (end of period)	40	40	41	41	42	42	42

SOURCE: Bank of Israel data.



DATA SOURCES AND MAIN TERMS¹⁰

The Bank of Israel Information and Statistics Department manages a database of activity in the credit market. The Department gathers data and information from reports and other sources, processes them into an overall consistent dataset, and calculates the economy's credit aggregates by various segmentations. The data sources are reports from the banking system to the Banking Supervision Department; quarterly financial statements by the credit card companies; reports from institutional investors to the Ministry of Finance and the Bank of Israel; the Tel Aviv Stock Exchange; direct reports from large Israeli corporations to the Bank of Israel regarding their activity vis-à-vis nonresidents; reports by the banks and other financial intermediaries to the Bank of Israel regarding nonresidents' holdings of Israeli financial assets; and the Ministry of Finance.

I The nonfinancial private sector

The nonfinancial private sector is comprised of the business sector (Israeli commercial firms that are not banks or insurance companies) and households. This section focuses on the nonfinancial private sector's debt to the main lenders (banks, institutional investors and nonresidents), and does not include debt to other lenders (such as private credit companies). The assessment is that the volume of other lenders' activity is small relative to that of the main lenders, and they are not currently included in the aggregates due to a lack of data. Gathering such data is expected to increase after data collection by the Capital Market, Insurance and Savings Authority, which is responsible for granting licenses to credit providers under the Supervision of Financial Services Law (Regulated Financial Services), 5776–2016, is completed, and after the credit data register is established and activated by the Bank of Israel in accordance with the Credit Data Law, 5776–2016.

I Outstanding debt

Outstanding debt shows the stock of credit (positions, stocks) from the point of view of the borrower at a given point in time. The value of the debt does not depend on the market value of the bond or the value of the loans in the lenders' books. Therefore, outstanding bonds are presented at adjusted par value and outstanding loans are presented before deduction of loan loss provisions in the lenders' books (such as doubtful or problematic debt provisions in the banks' balance sheets).

I Estimated net quantitative change, quantitative increase/decrease of debt

Estimated net quantitative change, quantitative increase/decrease of debt, is the change in outstanding debt, which shows economic activity in the credit market. The change in outstanding debt is influenced by net debt issuance (new credit raised, such as taking a loan or issuing bonds, minus repaid credit, such as repaid loans or repayment of bonds), by payment and accumulation of interest, by price changes (such as a change in the Consumer Price Index for CPI-indexed debt), and by other factors. Due to a lack of direct data on each of these components, an "estimated net quantitative change" is calculated from data on outstanding debt. The estimated quantitative change during a given period is calculated as the difference between outstanding debt at the end of the period and the outstanding debt at its beginning, minus relevant price changes.

¹⁰ For more details on the definitions, terms and explanations, see "The Credit Data System in Israel" in the second part of the Statistical [Bulletin for 2015](#).

I Housing loans from the banks

Housing loans from the banks, as reported to the banks by customers, are defined as loans that fulfill one of the following conditions (provided that they were not issued for business purposes): the loan is intended for the purchase, leasing, construction, expansion or renovation of a residential dwelling; for the purchase of a plot for the construction of a residential dwelling or for the purchase of rights to a residential dwelling in return for key money; or to finance the early repayment of a loan described in the first two conditions, in whole or in part.

I Nonhousing loans from the banks

Nonhousing loans from the banks, as reported to the banks by customers, are defined as loans from the banks to private individuals (including overdrafts) and to private Israeli non-profit organizations, the purpose of which is not housing. These also include loans with a dwelling as collateral that are not for residential purposes (all-purpose loans).

I Households' negative current account balance (overdraft)

Households' negative current account balance (overdraft) is included in outstanding nonhousing debt to the banks. The negative balance is defined as the actual utilization of a credit facility allocated in current accounts of private customers. If an exception is approved beyond the credit facility in the current account, this exception will also be included in the negative account balance section.