

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

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**New study: The Israeli public’s readiness to adopt a digital shekel**

As part of the Bank of Israel’s digital shekel project, a business and functional design process of the digital shekel system is being conducted. This is part of the action plan for the potential issuance of a digital shekel. The design process is based on an analysis of the required functionalities to support the motivations defined for issuing a digital shekel, as well as insights gained from various stakeholders, including public forums managed by the project. This study examines, for the first time, the public’s attitudes toward the digital shekel, and insights from the study will be used in furthering the design process.

The study, which was conducted by Prof. Ruth Plato-Shinar, Dr. Libby Maman, Adv. Lilah Shema Zlatokrilov, CPAand Dr. Nir Yaacobi, examined the Israeli public’s readiness to adopt a digital shekel, and the features of a digital shekel that may increase the public’s willingness to use it. The study included various statistical analyses to identify differences in this readiness based on various personal characteristics: demographic differences, financial and digital literacy, and trust in various systems, including the Bank of Israel.

**The main findings**:

More than half of the respondents (51.57%) showed a high level of interest in using the digital shekel. Thirty-four percent of the public expressed a very high level of interest, and 17 percent expressed medium-high interest. This finding indicates a high potential for adopt the digital shekel by the Israeli public.

The study also examined what features of the digital shekel may increase its use. The clear advantages of the digital shekel as noted by the sample participants in open-ended questions were all related to ease of use. Other prominent features include customer protection against fraud and system errors, the Bank of Israel’s backing of the currency, and the innovation embedded in it. In contrast, the main concerns raised by the survey participants were cybersecurity and information security risks, difficulty of use, and lack of accessibility for certain population groups. Unlike findings in some other countries, privacy concerns did not emerge as a dominant issue.

Participants were then presented with a series of potential features of a digital shekel, some of which do not exist with current payment methods and were not mentioned by respondents in the open-ended questions.

The study also examined personal characteristics that may influence the willingness to adopt a digital shekel. Men showed higher interest than women in the digital shekel. Interest in the digital shekel was positively correlated with age and with income level. The level of education was not found to be an influencing factor. The study also found that the level of interest in the *Haredi* (ultra-Orthodox) community was lower than in the rest of the population, and that the highest level of interest was identified among secular individuals. Other significant factors contributing to the level of interest in the digital shekel included high financial and digital literacy, self-perceived technological proficiency, holding cryptocurrencies, and a propensity for risk. A high level of trust in the Bank of Israel also contributed to greater interest in the digital shekel.

Most of the study’s findings are similar to those of studies conducted by other central banks. However, two major differences were found. The first has to do with the issue of privacy. In Israel, the issue was found to privacy emerged as a major concern. The second difference has to do with the demographic characteristic of age. In Israel, the findings indicate a greater willingness to adopt a digital shekel as age increases, particularly over the age of 40. In contrast, some of the studies by other central banks show that it is the younger population that is most ready to adopt a digital currency.