



Highlights of the Bank of Israel Work Plan

2025

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Foreword by the Governor and the Chairman of the Supervisory Council

The Bank of Israel's Supervisory Council hereby publishes the main provisions of the Bank of Israel work plan for 2025, in accordance with Section 20(b) of the Bank of Israel Law, 5770–2010.

The Bank of Israel's work plan for 2025 was formulated with the goal of leading the Bank to the optimal execution of its mission and mandate as set in the Law, the promotion of the Bank's values, and the realization of the vision to be an advanced central bank that contributes to Israel's prosperity and the welfare of its citizens.

The work plan for 2025 incorporates a wide variety of activities in many areas in line with the Bank's functions, and integrates steps to achieve the Bank's strategic targets alongside steps to provide a response to the specific challenges facing Israel's economy in line with developments, changes, and risks in the global and Israeli economies. The plan also includes steps to support the economy as it deals with the economic implications of the Swords of Iron War.

In 2024, we began formulating a new multiyear strategic plan for the central bank.

The Bank of Israel will continue contributing to the prosperity of the Israeli economy, while supporting stability, encouraging competition, promoting innovation, and improving customer service in the financial system.

We would like to thank the employees who contributed to the preparation of the work plan, the Bank's employees and management, and the members of the Monetary Committee and Supervisory Council, who work hard to fulfill the Bank of Israel's functions and achieve its objectives.



Prof. Amir Yaron,
Governor of the Bank of
Israel

Prof. Joshua (Shuki) Shemer,
Chairman of the Supervisory
Council

Sincerely,

A handwritten signature in blue ink, appearing to read 'Amir Yaron'.

Prof. Amir Yaron,
Governor of the Bank of Israel

A handwritten signature in black ink, appearing to read 'Joshua Shemer'.

Prof. Joshua (Shuki) Shemer,
Supervisory Council Chairman

The Foundations of the Work Plan

Mission

- To maintain price stability, as its central goal;
- To support other objectives of the Government's economic policy, especially growth, employment and reducing social gaps, provided that, in the Monetary Committee's opinion, this support shall not prejudice the attainment of price stability over the course of time;
- To support the stability and orderly activity of the financial system.

Mandate

- **Managing** monetary policy;
- **Holding** and managing the foreign exchange reserves of the State;
- **Supporting** the orderly activity of the foreign exchange market in Israel;
- **Acting** as banker of the Government;
- **Regulating** the economy's payment and settlement systems, to ensure their efficiency and stability;
- **Issuing** currency and regulating and guiding the cash system of the economy;
- **Carrying out** the supervision and regulation of the banking system;
- **The Governor serves** as advisor to the government on economic matters, including with regard to reducing social gaps and decreasing inequality in the income distribution in society;
- **Establishing and managing** the Credit Data Register and carrying out the oversight and regulation of the Credit Data System;
- **Managing** the assets of the Citizens of Israel Fund (the Fund for the Administration of State Revenues from the Levy on Oil and Gas Profits).

Vision

To be an advanced central bank that contributes to Israel's prosperity and the welfare of its citizens.

Values

Stateliness, Partnership, Professionalism, Integrity, Fairness and Respect for the individual.

Strategic Targets

- Adjusting monetary policy to the changing environment;
- Strengthening the financial system and the Israeli economy's resilience to crises;
- Consistently advancing research on the Israeli and global economies;
- Managing the country's foreign exchange reserves;
- Broadening the abilities to collect and extract economic data and research, and making them accessible to researchers and decision makers;
- Promoting financial infrastructures and digital means of payment in Israel's economy;
- Encouraging competition and innovation in the financial system;
- Establishing and managing the credit data register and regulating the credit data system;
- Protecting customers' rights, improving their negotiating position, and reducing information gaps;
- Tightening the Bank of Israel's connection with the public, and making financial services more accessible;
- Implementing the Citizens of Israel Fund Law, 5774–2014;
- Enhancing collaboration with international institutions and with central banks and regulators abroad;
- Aligning the Bank's resources with the changing environment.

Highlights of the Bank of Israel Work Plan for 2025

The Bank of Israel's Work Plan for 2025 is derived from the mission and mandate defined in the law, and is intended to promote the Bank's strategic targets, and to provide a response to the specific challenges currently facing the economy. These include steps to support the economy as it deals with the economic implications of the Swords of Iron War.

Adjusting monetary policy to the changing environment

- Analyzing and forecasting short-term inflation;
- Formulating and utilizing the monetary tools available to the Bank in routine times and during crises, particularly in the current environment in view of the Swords of Iron war.
- Improving, updating, and developing the DSGE model—a macroeconomic model for the Israeli economy, and adding and expanding complementary models (for the housing market, the credit market, the labor market, and the foreign exchange market).

Strengthening the financial system and the Israeli economy's resilience to crises

- Maintaining the stability and functional continuity of the banking system, the payment systems, and the cash system;
- Adjusting the Bank of Israel's policy with regard to the stability of the payment systems during crises;
- Research on the financial system and its stability, and formulating tools to maintain financial stability and resilience in the face of crises, including the advancement of financial regulation;
- Adapting monetary policy and preparing dedicated tools for use during crises;
- Ensuring the regular activity and the proper functioning of the financial markets and of the foreign exchange market;
- Ensuring the regular activity of the credit market, and using targeted monetary tools as needed;
- Coordinating the work of the Financial Stability Committee;
- Examining the war's effect on the banking system, including how risks are managed, how customers continue to be supported, and the required preparedness for supporting the rehabilitation of the economy;
- Formulating a policy and updating tools for handling a bank experiencing difficulties;
- Implementing the Basel IV directives in order to align regulation with international standards regarding banking issues;

- Upgrading the interfaces with the national protection envelope (the “National Cyber Directorate” and the “Finance Cyber and Continuity Center” in the Ministry of Finance) to strengthen cyber-protections in the banking system;
- Ensuring cash services in routine times and during crises, and preparation for shifts and changes expected in the area of means of payment;

Consistently advancing research on the Israeli and global economies

- The economy and policy due to the Swords of Iron War: Assessing the macroeconomic state of the economy due to the war; examining the long-term consequences on the economy; the fiscal ramifications of the war; helping the government build economic programs for during the war and for the period following the war;
- Providing economic advice to the government in the area of fiscal policy and its impact on the economy, including the formulation of the economic plan (Arrangements Law) in the state budget;
- Formulating economic policy recommendations via research in the areas of long-term economic growth and productivity; the labor market; the real estate market and the construction industry; infrastructure and investment in the economy; financial markets and institutions; welfare policy—including healthcare and nursing care; the economic and social impacts of an aging population; competition in the economy; the development of human capital, including skills and improvement of the education system; and advancing knowledge and policy with regard to the Arab and ultra-Orthodox societies in Israel; energy and environmental policy;
- Assessing the impact of the entrance of artificial intelligence on the Israeli economy and its impacts on policy;
- Promoting macroeconomic research at international standards;
- Strengthening cooperation with academic institutions in Israel for research on the Israeli economy.

Managing the country’s foreign exchange reserves

- Continuing to align the investment policy of the reserves with developments in the global and domestic economies and the various programs that may be implemented insofar as they affect the level of the reserves.

Broadening the abilities to collect and extract economic data and research, and making them accessible to researchers and decision makers

- Expanding access to data, products, and periodical publications, including on the Bank of Israel’s website, for the public and decision makers, including providing access to data, analyses, and publications concerning the Swords of Iron War and operation “Northern Arrows”;
- Carrying out the government’s decision regarding providing access to financial data for research and official policy-supporting statistics;

- Developing statistical models for forecasting economic indicators based on nontraditional data, in order to assess the state of Israel's economy during periods of uncertainty;
- Integrating tools for analysis of big data;
- Developing an inclusive and integrative data array for managing and studying data from various fields of economic content.
- Promoting data regimes and structures in line with the international Statistical Data and Metadata Exchange SDMX standard for central banks and international institutions.

Promoting financial infrastructures and digital means of payment in Israel's economy

- Continued monitoring of the controlled payment systems' compliance with globally accepted standards;
- Adjusting the "Payment Systems Law, 5768–2008" to the PFMI (Principles for Financial Market Infrastructures);
- Preparing to align the payment systems with the international standard (ISO 20022), including the globally accepted AML/CFT requirements; increasing the efficiency of processes and creating an infrastructure for value-added proposals based on enriching the data in the Standard;
- Promoting steps to apply the PFMI principles on the controlled payment systems, in accordance with what is accepted worldwide;
- Ensuring efficiency and providing a response to the market's needs with regard to immediate payments in Israel;
- Preparation for expanding the ID code of financial service providers;
- Participating in the establishment of a central financial identity infrastructure in Israel in collaboration with various government entities;
- Promoting a program for creating a digital check as a new means of payment in the economy;
- Continued development of policy recommendations for increasing the sophistication of means of payment in Israel;
- Analyzing and preparing for the effect of new payment technologies on economic activity;
- Examining steps to improve cross-border payments in Israel, including an examination of the connection of Israeli payment systems to payment systems abroad;
- Formulating a proposal for a regulation framework related to crypto-assets, its significance for the payments array and financial stability, and its monetary significance, in accordance with what is being done abroad;
- Building an action plan for the possible issuance of a Bank of Israel digital shekel.

Encouraging competition and innovation in the financial system

- Advancing a REPO market (REPO is a tool for the short-term credit market) in Israel;
- The reform of cancelling the Telbor interest rate and establishing the SHIR (Shekel overnight Interest Rate) interest rate;
- Promoting the Securitization Law to develop the securitization market in Israel, and monitoring and guidance of its implementation;
- Promoting the opening of controlled payment systems, including the ZAHAV system, to nonbank entities and to financial technology (fintech) companies, including the addition of new entities as participants in these systems;
- Accompanying the establishment of a new digital bank—Esh Bank;
- Advancing regulation for the support of innovative and developing banking;
- Promoting a tiered framework for granting banking corporation licenses to nonbank entities;
- Promoting payment initiation and additional means of payment, including digital checks;
- Examining the expansion of the banks' fields of operation (permitted business) in view of the changes in the economic and technological environments.
- Examining the access of nonbank entities to Bank of Israel services in the payments sphere.

Establishing and managing the credit data register and regulating the credit data system

- Operation of the Credit Data System in accordance with the provisions of the Credit Data Law, 5776–2016, including implementation of adaptations to the system after the passage of the proposed amendment to the Credit Data Law;
- Examining and analyzing the costs and benefits of expanding the Credit Data System and of including data on corporations, in terms of competition in the credit market for businesses.

Protecting customers' rights, improving their negotiating position, and reducing information gaps

- Adopting regulatory principles regarding fairness and protection of the customer in accordance with the international standard (based mainly on the FCA's "Consumer Duty" document) ;
- Improving the service given by the Bank of Israel in response to public enquiries;
- In conjunction with the Ministry of Justice, promoting the transition from a restriction mechanism to a notification mechanism with regard to checks without cover;
- Updating the Banking Supervision Department's policy with regard to current account fees;

- Adjusting the Banking Supervision Department's policy regarding branches to processes of increasing efficiency and digitalization taking place in the banking system;
- Strengthening public financial awareness and customer rights with regard to financial undertakings and the use of the credit data system, including targeted public awareness for specific segments of the population, emphasizing the ramifications of the Swords of Iron War on customers and the special regulation needed due to the war;
- Increasing the variety of activities to prevent and reduce financial fraud and advancing collaborations in this area.

Tightening the Bank of Israel's connection with the public, and making financial services more accessible

- Promoting the recommendations of the interministerial team to increase financial inclusion, within the framework of advancing financial awareness in various population groups, formulating methodologies, and establishing infrastructures;
- Enhancing the outreach to the public about the Bank's policy and activities during routine and emergency periods, via publications, events, and Internet and digital platforms;
- Strengthening and tightening the connection with various communities among the public;
- Enhancing the transparency and accessibility of information on the Bank of Israel's website and via other digital channels;
- Preparation and implementation of a targeted financial information program for Arab society;
- Setting up new exhibits in the Visitors Center;
- Establishing an exhibit on "The Story of the Israeli Shekel" within the framework of activities marking the Bank's 70th year.

Implementing the Citizens of Israel Fund Law, 5774–2014

- Continued establishment and development of the infrastructure required for the activity of the new Citizens of Israel Fund's Division for managing the Fund's assets, which was established in accordance with the Citizens of Israel Fund Law, 5774–2014;
- Managing the fund's assets in accordance with international standards for sovereign wealth funds, with the aim of increasing the fund's profits through a long-term economic view.

Enhancing collaboration with international institutions and with central banks and regulators abroad

- Tightening collaboration and coordination with central banks and international financial institutions;

- Managing a domestic Foreign Exchange Committee within the framework of Israel's membership in the GFXC (Global Foreign Exchange Committee);
- Managing the SOE group within the framework of the BIS (Bank for International Settlements).

Aligning the Bank with the changing environment

- Forward-looking preparation while examining the Bank's resources and infrastructures required for its ongoing and proper management;
- Increasing operational efficiency, including by advancing automation and digitalization processes;
- Promoting an organizational culture of collaboration, transparency, and innovation;
- Promoting the internal communication in the organization, which will link the professional activity with the organization's vision and targets;
- Boosting the importance and development of the employee;
- Enhancing diversity at the Bank;
- Promoting a digital culture and work space;
- Advancing, developing, and upgrading the Bank's computer infrastructure;
- Encouraging internal sustainability;
- Promoting the risk management culture at the Bank;
- Improving service to the public in the relevant spheres of the Bank's operations;
- Preparing for cyber threats and crises, alongside the expansion of the Bank's readiness for dealing with emergency and crisis incidents.

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Passages may be cited provided the source is specified.

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