

BANK OF ISRAEL

May 6, 2025

**Farewell Remarks by Oded Salomy at a parting evening**

First and foremost, I want to express my deep gratitude to the Governor of the Bank of Israel, Professor Amir Yaron, and Deputy Governor Andrew Abir, for choosing me, trusting me, and allowing me to lead the beginning of a small revolution in the crucial field of payments, which is central to Israel’s economy. I came from the private sector without any public sector experience, and you still gave me the opportunity, support, and encouragement to not just fulfill the job description but to go further and develop the market. This included attracting tech companies to work with our core systems, upgrading and replacing the systems we operate, updating and developing regulatory frameworks for various payment service providers, updating regulations for payment system operators, and much more.

After being here for 4.5 years and seeing how things work inside the Bank of Israel, I want to speak as an ordinary citizen for a moment and say a special thank you to the Governor for continuing to lead and serve us, ensuring economic stability, and investing countless hours both in Israel and internationally. You engage with powerful international organizations, and listen to all sides and aspects of every issue before making critical decisions that affect the entire economy. I wish our public sector leaders in all government corridors would act similarly.

A very special thank you to Mr. Andrew Abir, the Deputy Governor of the Bank of Israel. As I’ve told you many times, knowing you has been one of the best things that happened to me during my time at the Bank. I’ve never encountered such a combination of immense wisdom and deep humility. And the opportunity to discuss world-shaping topics in English is also a benefit.

Thank you to the entire management team at the Bank of Israel. A special thanks to the Supervisor of Banks, dear Dani Hahiashvili. Despite occasional tensions between the goals of the Banking Supervision Department and the objectives of the Payment and Settlement Systems Department I led, through collaboration and understanding that we both aim to advance the economy, we found a way to lead our teams to work together more effectively. We set a personal example for them.

Thank you to the Bank’s Director General, Shuli Geri, and the Head of the Human Capital and Administration Department, Ronen Kaufman, who became a good friend, with the support of the Supervisory Council members. You all enabled us to bring in new quality professionals to the Department, expand the organizational structure, and establish a significant management backbone. You recognized that leading change externally, in the economy, starts internally, here within the Bank of Israel, and you made it possible.

A huge thank you to our dear, talented, and energetic Head of Information Technology, Mr. Lior Georgi. Almost everything we did in the Settlement Systems Division, and much beyond, was in collaboration with you and your team, and under your leadership, not to mention the friendship and camaraderie that developed between us.

Thank you to the wonderful Tida Shamir, our Legal Counsel, and your team. You protected me and us. We had healthy discussions about authority and processes, and in the end, we managed to advance countless initiatives.

Thank you to Limor Goldstein, Head of the Currency Department, Nurit Felter-Eitan, Head of the Communications Division, and the rest of the current management team, as well as those who completed their terms during my tenure, for the friendship and camaraderie over the years. I sincerely hope these warm relationships will continue.

Thank you to Michal Cohen, the Director General of the Israel Competition Authority, who wanted to be here but is abroad, and to the former Director General, Michal Halperin, for the cooperation and friendship that developed over the years. We advanced quite a few initiatives, especially regarding the separation of critical national infrastructures in the payments field, operated by SHVA and MASAV.

Thank you to the former Chair of the Israel Securities Authority, Anat Guetta, and the current Chair, Sefi Zinger. You were given the authority to license and supervise nonbank payment companies. Our perspectives and policies at the Bank of Israel didn’t always align with yours, yet often, you as an active public body in the payments field and we as the Payments and Settlement Systems Department found ourselves on the same page—working to advance the economy in the payments field, attracting Israeli and international tech companies to operate here. We found ourselves at the same conferences, on the same stages, even abroad, dealing with the same entities. Our teams and those of all the financial regulators present here today worked together to identify and bridge gaps, advance the new law, which we called the Israeli PSD law after its European counterpart, and eventually succeed in passing it in the Knesset. This law regulates the business of payment services and payment initiation, allowing nonbank payment companies to operate in Israel. It took time, but we developed an interface and cooperation that undoubtedly advances the economy, and the public will benefit from the results in the coming years.

Thank you to Amit Gal, the Commissioner of the Capital Market, Insurance and Savings Authority, and his predecessor, Moshe Bareket, and your teams. We worked in collaboration and found a regulatory framework to allow fintech companies licensed by you in various financial fields to operate directly or indirectly in the core systems we supervise and operate, even before the new law was enacted.

Thank you to the representatives of all the other regulators and bodies we worked with—the Cyber Directorate, the Financial CERT, the Anti-Money Laundering and Terror Financing Authority, the Budget Department at the Ministry of Finance, the Accountant General, the Tax Authority, the Ministry of Justice, the National Digital Bureau, even the Ministry of Labor, the Ministry of Transport, the Ministry of Energy, and more. If anyone wants to know what we did with all these bodies, talk to us after the lecture.

A broad thank you to all the payment service providers, fintech companies, tech companies, credit card companies, Postal Finance (the new name for the Postal Bank), banks, schemes, and all payment system operators and clearinghouses, SHVA and MASAV, the stock exchange, and all the entities in our ecosystem. You examined, challenged, and brought your requests and proposals, and ultimately implemented and leveraged the changes we led.

I ask for a little patience. These thank-yous are more important to me than the rest of the speech. I promise I’ll get to the professional topics and share some messages from me shortly. Just a bit more.

A deep thank you to the Department members I’ve led in recent years:

A very special thank you to Ms. Noa Sheshinsky, who became the Head of the Payment Systems Oversight Division. You walked with me, and I with you, through thick and thin, and we changed the reality in the field. In many aspects of stability, not all of which we published, and in promoting equal and fair access to payment systems for nonbank entities. Together, we advanced competition in the field, digitalization, progress, and innovation. Day by day, with your leadership, you inspire your team with aspirations, energy, and uncompromising commitment at the highest levels. With your diligence, professionalism, determination, and management skills, you could have been a successful tech entrepreneur. Luckily for us, you choose to lead a field for the benefit of the entire economy.

A huge thank you to Ms. Limor Grobglas, who became the Head of the Settlement Systems Division. You led countless projects during your relatively short time in the role, ensuring the stability of the ZAHAV and check systems in various aspects, and sparked an increased desire for action in the division. You are turning ZAHAV into a reality-changing infrastructure—soon, another significant upgrade will go live, and then wait to see Limor and her team implement a new strategy they’ve built, a market-changing strategy for the benefit of the entire ecosystem and the entire economy.

Thank you to Ronit Chitayate, who established all the activities of the Payment and Settlement Systems Department years ago and brought me into the role. You taught me everything I needed to know to succeed before you retired and embarked on a new and successful path.

Thank you to the advisors in the department, Magi Rokach and Shiri Hadash, for the many initiatives you led, and to the staff members who worked closely with me—all of whom, by the way, are women. Among them, a big and heartfelt thank you to Natalie Mattan, whom you all already know. Among other things, she is hosting the event tonight and, along with the Department secretary, she organized it. On this occasion, thank you also to the logistics, security, and support staff for organizing and managing this beautiful event.

Natalie internalized the policy I instilled: We must tell the narrative of the payments field in Israel and all the initiatives we, the collective financial regulators, are leading, to the broader fintech community. Otherwise, everything will remain on paper and won’t change reality. Natalie, with determination, persistence, perseverance, and diligence, for years identified opportunities for communication, prepared me and the Department for various events, almost never gave up, not on me or on the event organizers, ensured that I participated and delivered no less than 130 lectures (!) in Israel and abroad in just the last 2.5 years.

Thank you to our unit managers, Steve Lev, Ovad Sabati, Nati Tauber, and Yael Rashti, and to all the employees in the divisions, both veteran and new, who never stopped contributing, not even for a moment. With about 40 actual positions, and we haven’t filled them all yet, plus a few dedicated consultants, we acted as if we were 200 people and achieved many results. In English, they say "It takes a village," and indeed, we launched projects and advanced initiatives that have changed and will continue to change the market, all while constantly maintaining system stability. As I told you at the Department’s farewell event, stand tall, wake up every morning and look in the mirror, knowing that you are performing the core functions of the Bank of Israel, as a central bank, on which the entire economy relies. And if in discussions and decision-making processes this isn’t understood, make sure to relate our narrative, as we have done in recent years, to make our voices heard. Only then can you continue to advance the payments field in Israel and ensure its stability.

Thank you to all the employees of the various departments and divisions at the Bank of Israel who worked with us—there was hardly a project or initiative without collaboration with other divisions.

Thank you to my dear and supportive family. Thank you to my wife, Keren, who sacrificed a lot for my role, and through me, for the country, and to our wonderful children, Maya, Erez, and Yoav, who have already started talking about payment systems around the dinner table. I’m not sure if that’s good or bad.

Thank you to my mother, Ruth, who reads all the economic content you can imagine. In our daily conversations when I’m on my way to and from the bank, you explained to me why a digital shekel might be dangerous for the public, what needs fixing in the banking system, which fintech companies are more interesting, and much more. I survived all the trips to and from Jerusalem, which worried you so much, but I’m afraid that now, as I’ll be spending less time on the road, we’ll have less time to talk, and I’ll have fewer opportunities to learn from your insights.

That’s it for the thank-yous.

During my tenure, we worked hard to advance the digital economy in general and digital payments in particular. As policymakers in the payment systems domain, why invest in these areas? What are the benefits to the economy from digital payments? Much more than meets the eye.

1. **Increased GDP**: The BIS studied 101 economies over five years and found that increasing the penetration of digital payments boosts GDP. It’s intuitive, and now empirical: when I pay using digital means, I spend more, and businesses earn more, than when I use nondigital payment methods. It’s not necessarily that I’m being less responsible. Sometimes, thanks to digitalization, I manage my finances better—more informed consumer choices, more time savings. And GDP grows.
2. **Cost of Payment**: In our field, it’s common to measure the cost of payment in a country as a percentage of GDP. In Israel, there’s no precise measurement; it’s very complex to calculate, but globally it’s said that it costs about 1 percent of GDP to make and receive payments. Israel’s GDP is around NIS 2 trillion. 1 percent of that is NIS 20 billion. If we can reduce this cost by 10 percent, we’ll save the economy NIS 2 billion a year. We’ve taken many steps to lower the cost of payments in Israel’s economy, including:
   * We worked with MASAV and representatives of all relevant participants to promote immediate payments, known as Faster Payments, which allow for instant account-to-account transfers. It’s like sending a WhatsApp message.
   * In the field of checks, we increased the deposit limit for checks via bank app scanning. We raised the limit from NIS 20,000 per check to NIS 50,000, and later to NIS 100,000. We are also developing a digital check in collaboration with the banking system, which we hope will offer all the legal features and protections of a paper check, but in a digital format, within an app.
   * In collaboration with SHVA, we optimized payment methods that work in closed environments—gift cards, meal cards, and more. We enabled their use at payment terminals that were once open only to payment cards.
3. **Another reason to promote digital payments**: Standardization in digital payments allows international entities to operate in Israel, encourages Israeli entities to operate here as a primary market and later replicate their success abroad, and facilitates international trade through faster, cheaper, and more convenient cross-border payments. Thus, standardization leads to the integration of Israel’s economy into the global economy. Some of the steps we took in standardization include:
   * In collaboration with the Banking Supervision Department, we implemented the EMV NFC standard, which allowed international digital wallets to start operating here. Indeed, international tech companies arrived and launched value propositions for the public, and that’s how we all pay today.
   * We ensured the implementation of a new global standard in payment messages, ISO 20022, in immediate payments. Additionally, in a multiyear project with the entire banking system and nonbank entities, we are implementing the new global standard in the ZAHAV system. SWIFT has already implemented it in its payment messages. In the future, we will consider whether to lead harmonization between the different implementations and possibly implement the standard in additional payment systems.
   * In collaboration with the Banking Supervision Department and the IT Department, we made a bold decision to implement the digital check project in the open banking infrastructure, according to the Berlin Group standard, even though it had no protocol for digital checks. The Berlin Group sets standards in many countries, and at the Bank of Israel’s request, they wrote a standard for digital checks, which they have already published, and which will soon be applicable to other countries wishing to implement digital checks in open banking.
   * In legislation, we advanced standards we learned from the European PSD2 law, which, years ago, established a regulatory framework in Europe allowing nonbank entities to provide payment services. When we checked with the Europeans, we learned from them what they would have done differently, and in the law already in effect in Israel, we implemented aspects that have only now been published in Europe as part of the draft PSD3 they are promoting.
4. **Especially in a market like Israel, where the level of concentration is high in the financial sector in general, and particularly in the banking system, digital payments can increase competition.** This is true not only in payments but also in other areas, as payment companies start with payments and then learn user data, thus offering additional value propositions like credit, investments, foreign exchange, savings, and more. Some of the steps we took to increase competition include:
   * We opened a fintech desk. We already had an interface with almost 100 entities, and a large part of them chose to take advantage of the reforms we led.
   * We issued codes: 16 for nonbanks and 3 for credit card companies. Out of these, 8 are already operational, 3 of them last month. Another one will become operational in July. This coming November, probably another one, and next November another.

Some manage liquidity in ZAHAV—a possibility we’ve made accessible: As a central bank, we allow nonbank payment service providers to manage liquidity with us, making us one of the most advanced countries in the world in this field. Some of these entities are international companies. Their areas of activity include cross-border payments, currency exchange, financial services for foreign workers, credit for small businesses, payment card clearing, and even a company in the communications field. None of these entities alone will move the needle in the payments or financial fields. But once they all go live, gain customers, and earn public trust, their collective activity will transform the public’s experience in payments and eventually in financial services overall.

1. **Digitalization in payments also reduces the black economy.** When a transaction is digital and traceable, the likelihood of income being reported to tax authorities increases. This enhances tax collection and improves the economy.

There are also risks associated with the digitalization of payments. Many of the new entities are smaller and may fail. In some cases, they are less able to comply with regulations than the larger, established entities. Digital payments increase the risk of misuse or data manipulation leading to uninformed or incorrect decisions by users. For those unfamiliar, Visa and MasterCard recently announced products that will allow AI to make purchases and payments for us. Digital payments also increase exposure to fraud, counterfeiting, and privacy violations.

These risks are not within our department’s responsibility, but we are very aware of them and work in collaboration with the relevant regulators. However, risks cannot be reduced to zero. There must always be a balance. Without risks, there will be no digitalization, innovation, or competition.

Before all this, payment systems must be operationally and financially resilient. Without stability, all payment innovations are wasted. We therefore promoted a series of stability measures, including:

* A multiyear, resource-intensive project to separate SHVA from MASAV, so each is less dependent on the other.
* Implementing a new ZAHAV system. When I arrived at the Bank of Israel, the ZAHAV supplier had already announced the system had reached its End of Life and could no longer be supported. The most core system in the economy. So, we replaced it.
* We changed the architecture of the payment system network, making the various systems less dependent on each other.
* We implemented failure arrangements worth billions of shekels to ensure we can complete settlement in the event of a payment company failure.
* We published new supervisory guidelines in the field and will publish more.
* In ensuring business continuity during crises, we did a lot: whether during the COVID-19 period, when payment system workers couldn’t sit next to each other; during the reform period when we learned of a strike in the economy at the last minute; or most critically, during wartime, when a large part of the employees or their spouses were drafted, and when missiles fell, all systems continued to operate without interruption.
* We conducted cyber drills, published guidelines in the cyber field, and more.

Throughout, we operated with as much transparency as possible, publishing payment system reviews every two years, releasing a lot of data, surveys, press releases, podcasts, and more. And there are several more publications coming soon.

It’s impossible to cover all our activities over the past 4.5 years, but you’ve received a representative taste. We haven’t finished or managed everything yet, but you’ll encounter more of our projects in the future. The digital check will go live. You’ll be able to deposit a check via scanning into the banking app, even if it is post-dated. You’ll be able to deposit cash at an ATM that belongs to a bank where you don’t hold an account. Hopefully, the Department will advance multicurrency settlement at the Bank of Israel, so we settle transactions not only in shekels. Perhaps payment systems in Israel will connect to payment systems in other countries—initiatives we’ve already started to promote. The Department will advance the regulation of cryptocurrency as a common payment method, particularly stablecoins, which are entering the mainstream in cross-border payments. And if a decision is ever made to issue a digital shekel, its implementation might also be through the Payment and Settlement Systems Department.

Everything we’ve done has been led with an almost obsessive attention to the economy, ensuring we understand how the initiatives we promote will impact the field, especially knowing that payments is a multisided domain. We managed, and continue to manage, 7 committees that meet frequently, with 407 participants from 46 entities. We established a payments forum consisting of over a hundred employees across all Departments at the Bank of Israel. Occasionally, we bring in speakers from the private sector to teach us new topics in the payments field. We engaged in continuous learning from abroad, whether at conferences, through direct interfaces with other central banks, through research and surveys, and more. In the cryptocurrency field within the Bank of Israel, we coordinated an interdivisional team led by Deputy Governor Andrew Abir. The team monitors all cryptocurrency developments in Israel and abroad, learns, and writes position papers. I led a team for regulatory coordination in digital assets with more than 10 government ministries, updating each other on what we’re doing in the field, and bringing in external speakers to learn together.

From a principled perspective, we tried and quite succeeded in promoting a worldview that it’s better to lead, initiate, and create reality than to react after the fact when it’s too late or to deal with closing gaps with more advanced countries. When we lead, we provide both Israeli and international participants with the certainty needed to attract them to operate in Israel as a target market, even in today’s challenging geopolitical environment, bringing positive developments to the public, sparking competitive dynamics, and operating in a supervised manner that aligns with our approach—measured and focused on stability.

A few words about the public sector. Just as the country needs good people in the security field, it needs good people in all fields. Especially in recent years here at the Bank of Israel, and also in interaction with other public bodies and regulators, I’ve realized how much the professional echelon, a significant part of it, operates out of commitment to the public, dedication, and care.

But there aren’t many of us who leave the private sector, even for a limited period, and come to contribute. Indeed, what you see from there isn’t what you see from here, and what you see from here isn’t what you see from there. The organizational culture, professional perspective, aspirations, pace—all these are different. The transition from the private to the public sector contributes greatly, not only to the organization you join but to the entire country, each field in its domain.

Therefore, I call from here to all relevant decision-makers to take steps that will attract more talents from high-tech, finance, industry, and the private sector in general, to come and answer the call, even for a limited period. The thinking about these steps should be holistic, 360 degrees—what will spark more desire for such transitions?

And those of you, and I know there are some in the audience, in the private sector looking for more meaning, consider such a transition. The reward in terms of satisfaction can’t be higher anywhere else.

The Bank of Israel, and the entire government complex we sit in, in many ways also connects us to Israeli identity, to the values on which the state was founded and exists. Recently, we sometimes feel this aspect is being undermined. Still, most of us, the professionals, are painted in the colors of Zionism, blue and white, coming out of a sense of mission. This mission also adds meaning to our lives, contributes to our wonderful country, and sometimes drives us to act in other arenas, whether in national security, education, or the field of public relations, to which I am personally drawn and in which I am also active.

We have the privilege and the right to stand here and talk about progress in payments, digitalization, and thank-yous. The hostages in Gaza who are still alive have only one aspiration—to survive another day and somehow hope to reach their day of release. And the soldiers and reservists and their families, and the evacuees, some of whom have returned to their destroyed homes and some of whom find themselves in new living arrangements out of necessity, and the physically and emotionally wounded, and the families of the fallen and the murdered—and some of these people are here with us at the Bank of Israel—all these are dealing with entirely different challenges, stemming from an impossible geopolitical situation. So before I finish, I wish for a return to much quieter times, that all our sons and daughters, all of them, return home safely.

Thank you very much for the joint work, for coming to participate in my farewell event, and for the opportunity to be moved together with you.