

The Bank of Israel and the Digital Economy



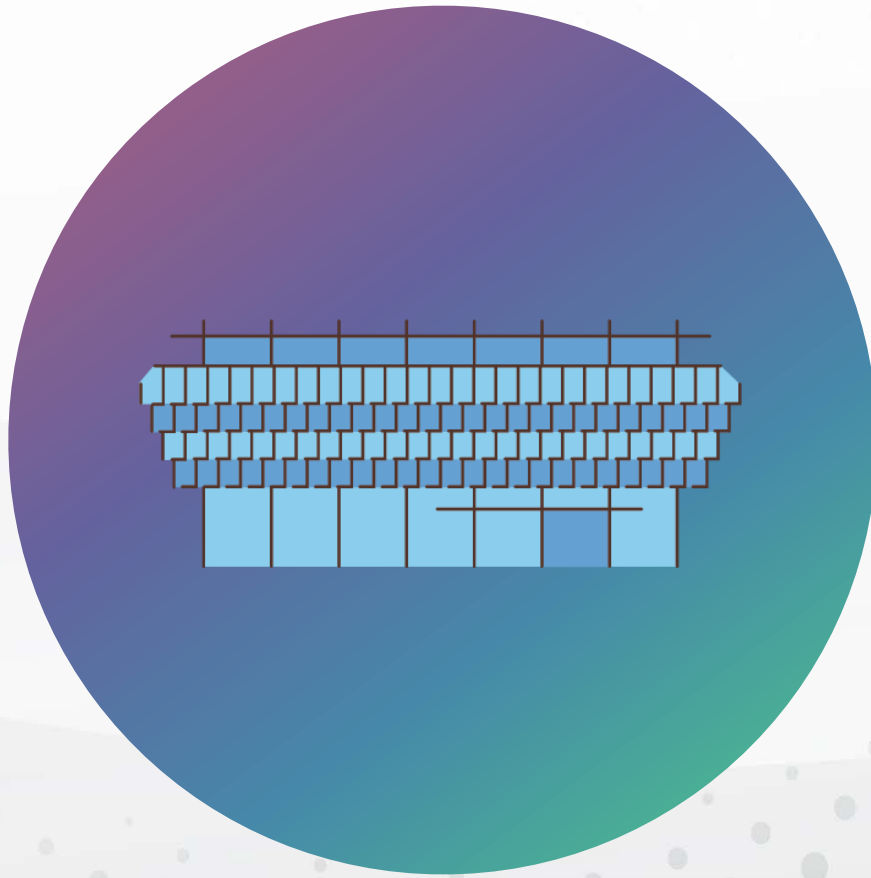
Oded Salomy

Director, Payment and Settlement Systems Department

Bank of Israel

The Bank of Israel fosters
innovation in payments and
financial services.

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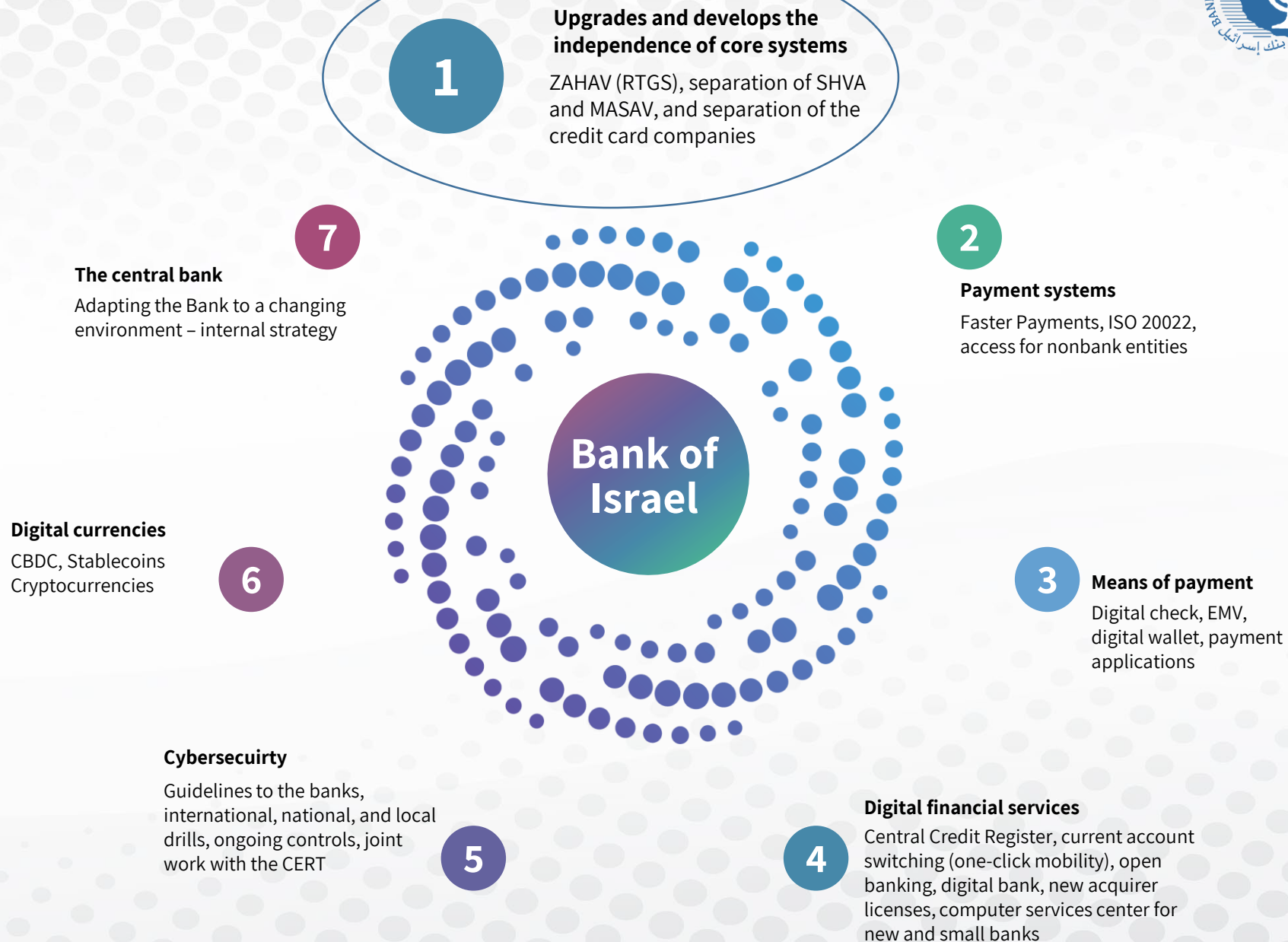


**Builds and operates
financial infrastructures**

Establishes policy

Supervises and regulates

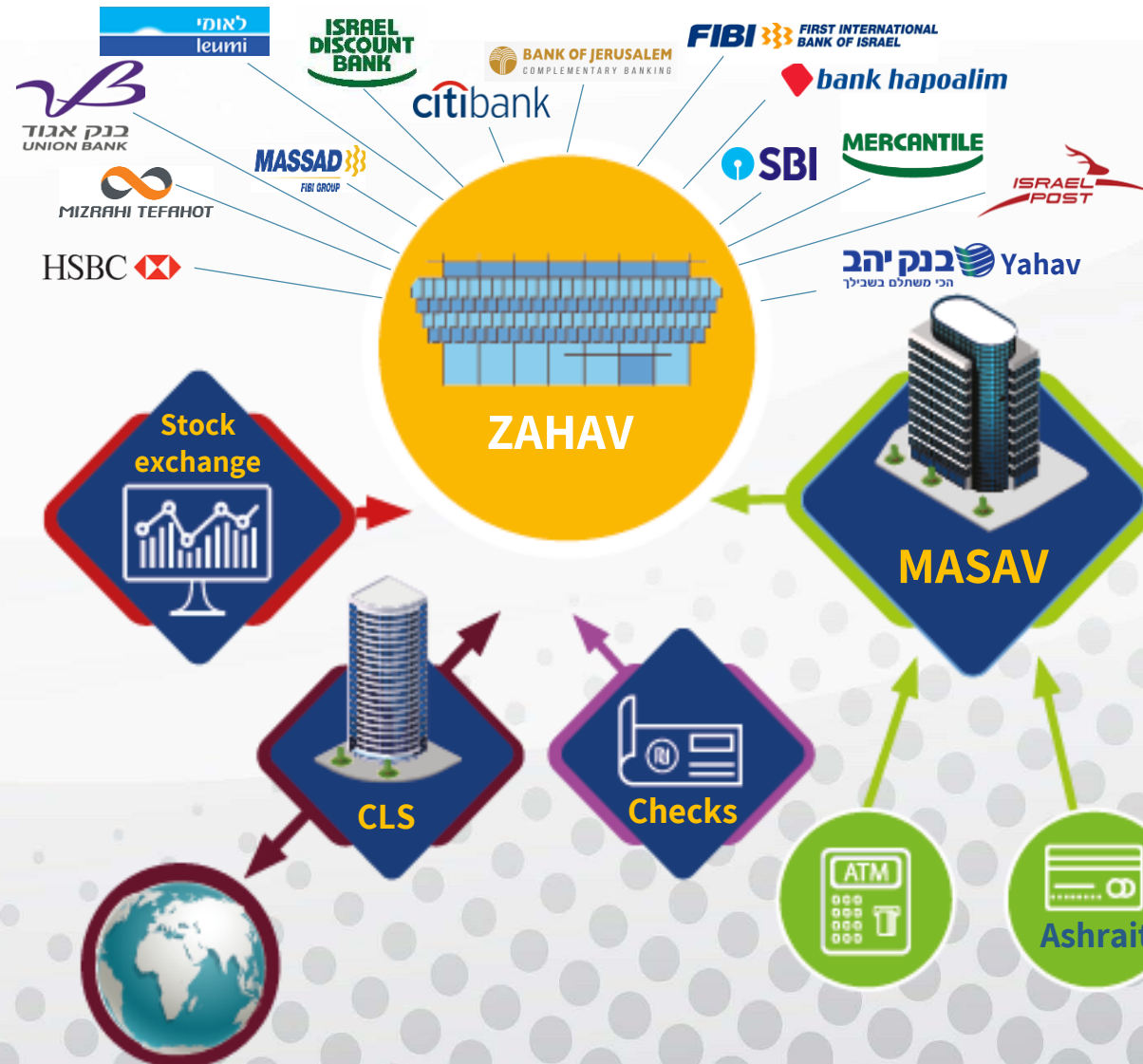
The Bank of Israel fosters innovation in the financial system



1

Core systems

The payments ecosystem in Israel



1 Core systems

Existing systems will continue to play a central role in the new digital economy.

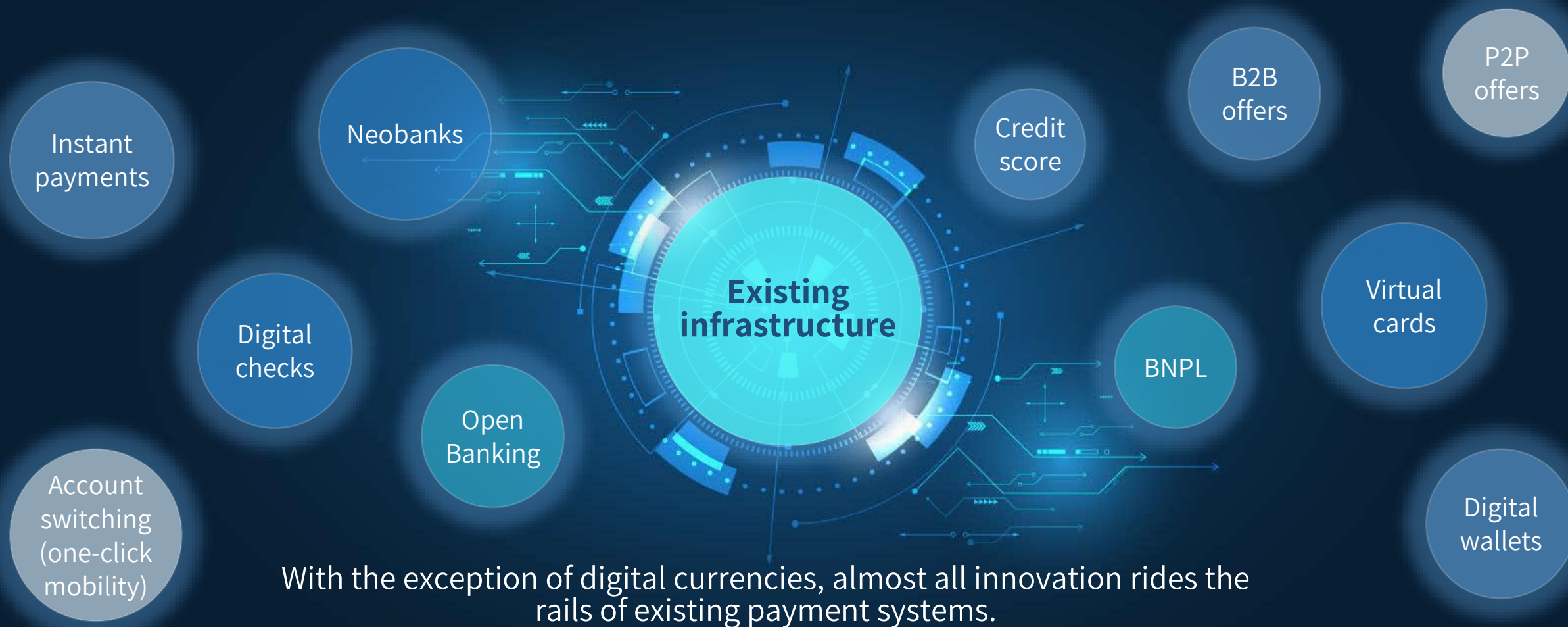
COVID-19

Bigtechs

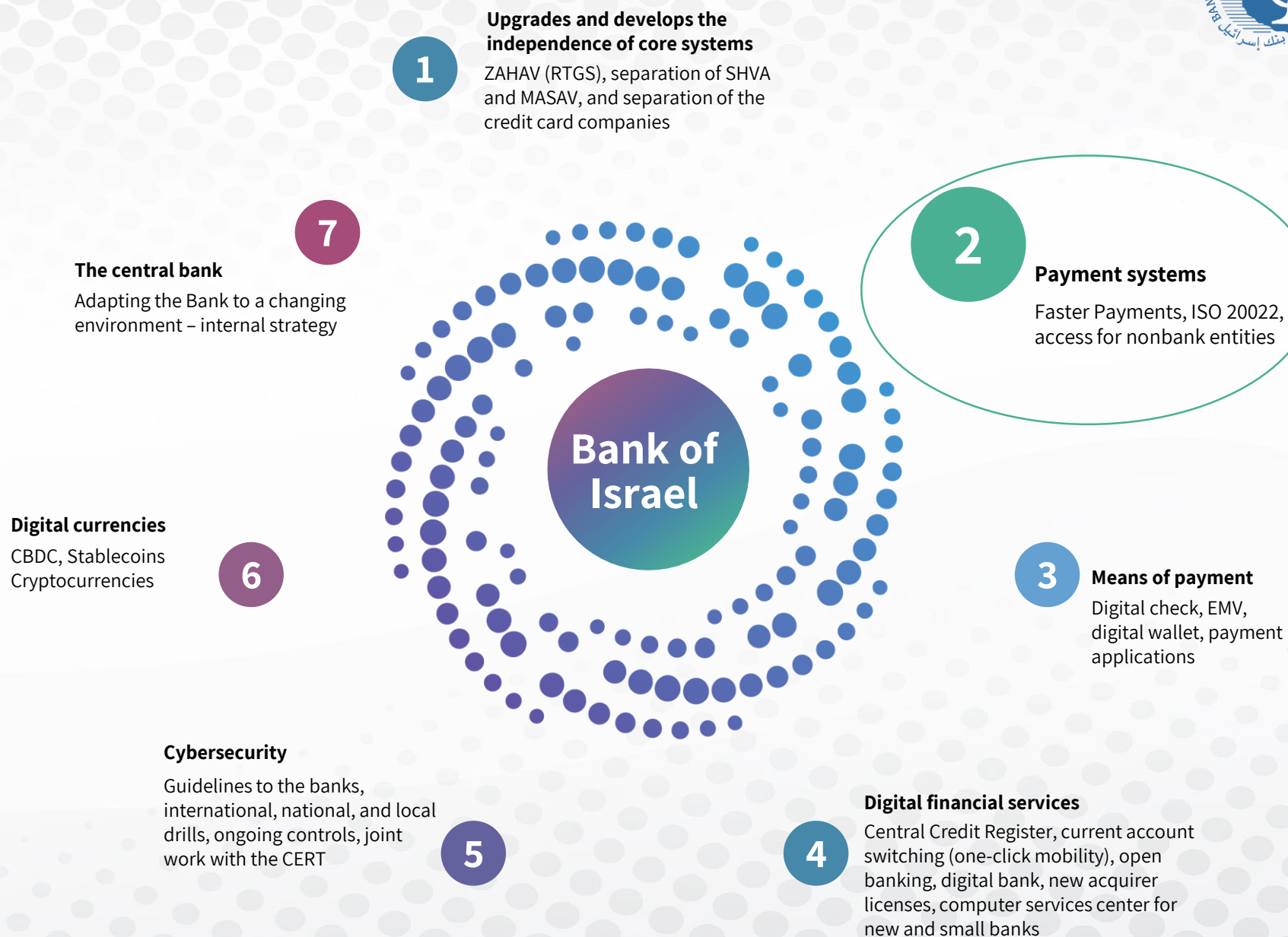
Startup Nation

1 Core systems

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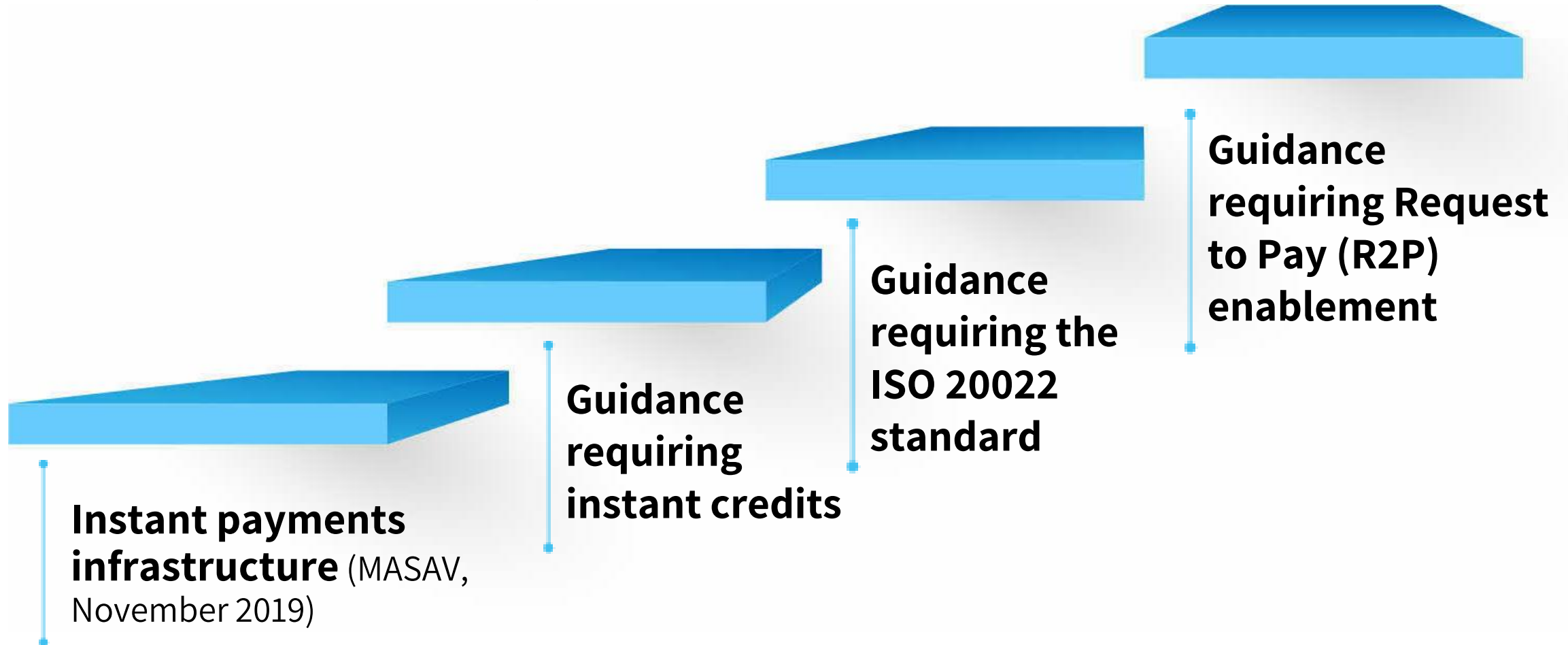
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2 Payment systems



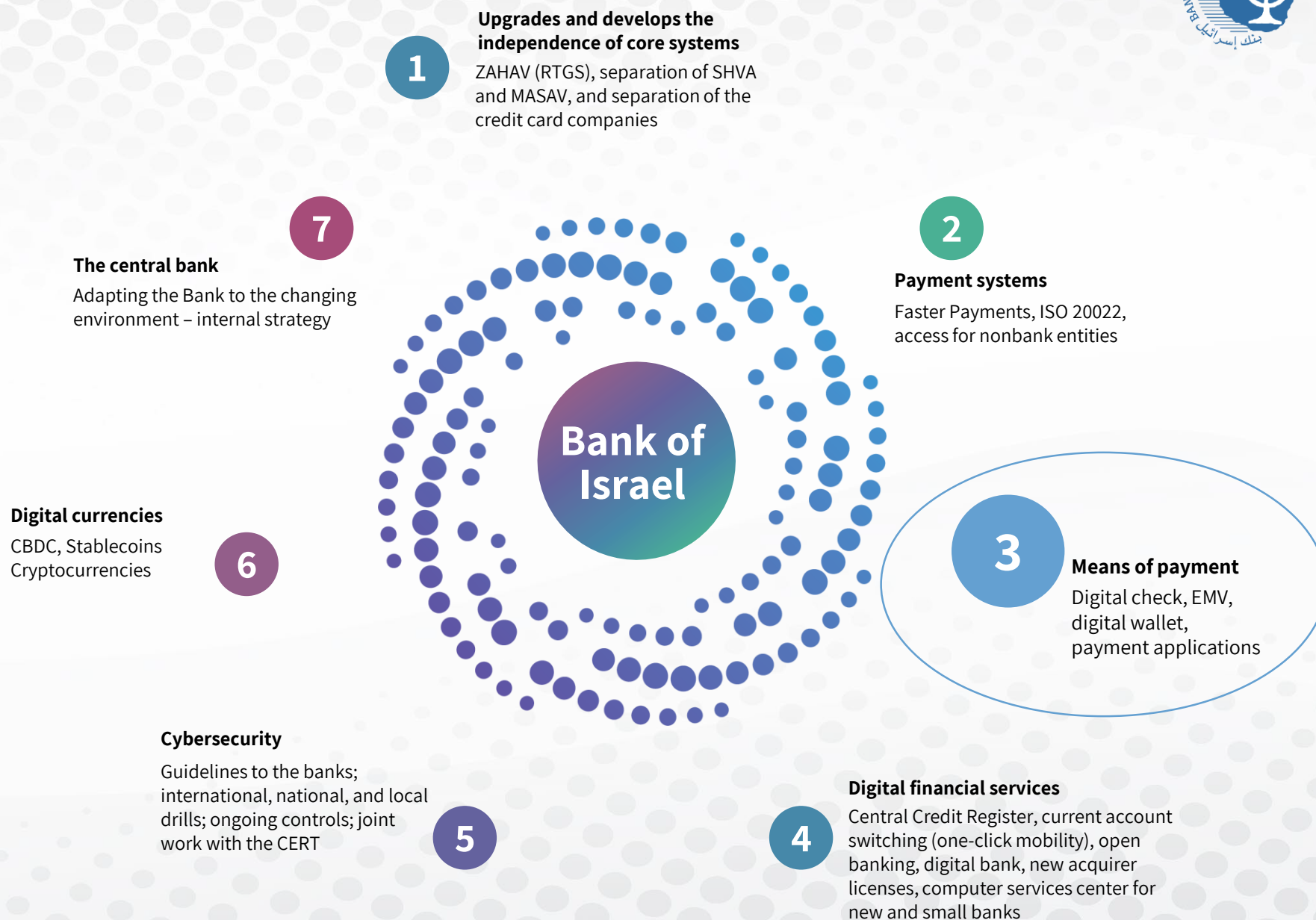
The Bank of Israel is taking steps towards Faster Payments in Israel



What can we expect?



The Bank of Israel fosters innovation in the financial system



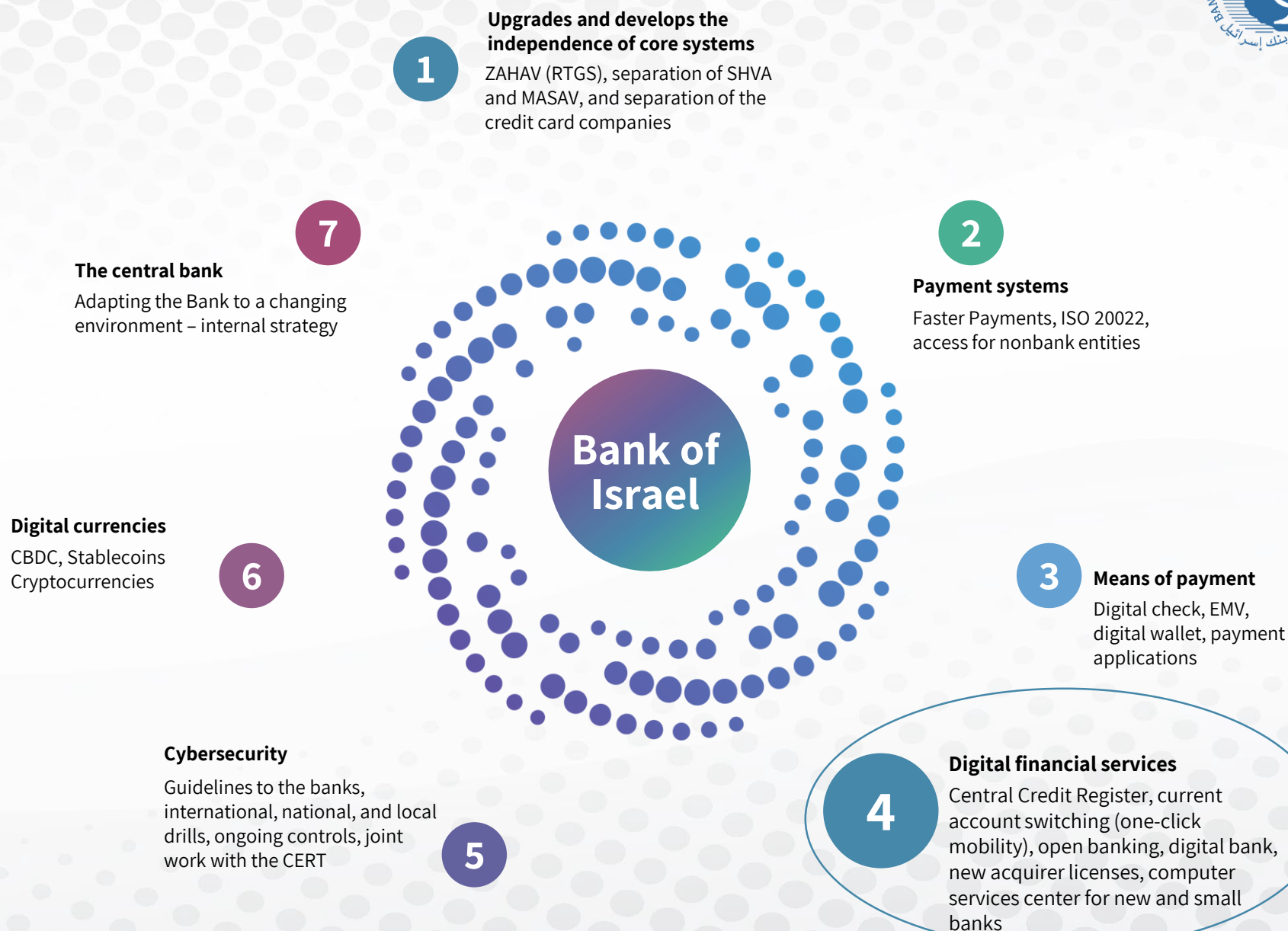
3 Means of payment

The Bank of Israel promotes and encourages advanced means of payment.

- ✓ **EMV** including contactless payments
Already supported by about 78 percent of terminals
- ✓ **Digital wallet**
About 5 percent of total expenses in physical transactions
- ✓ **Payment applications**
Between people, and payments to businesses
- ✓ **Digital check**
Unsecured credit



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4 Digital financial services

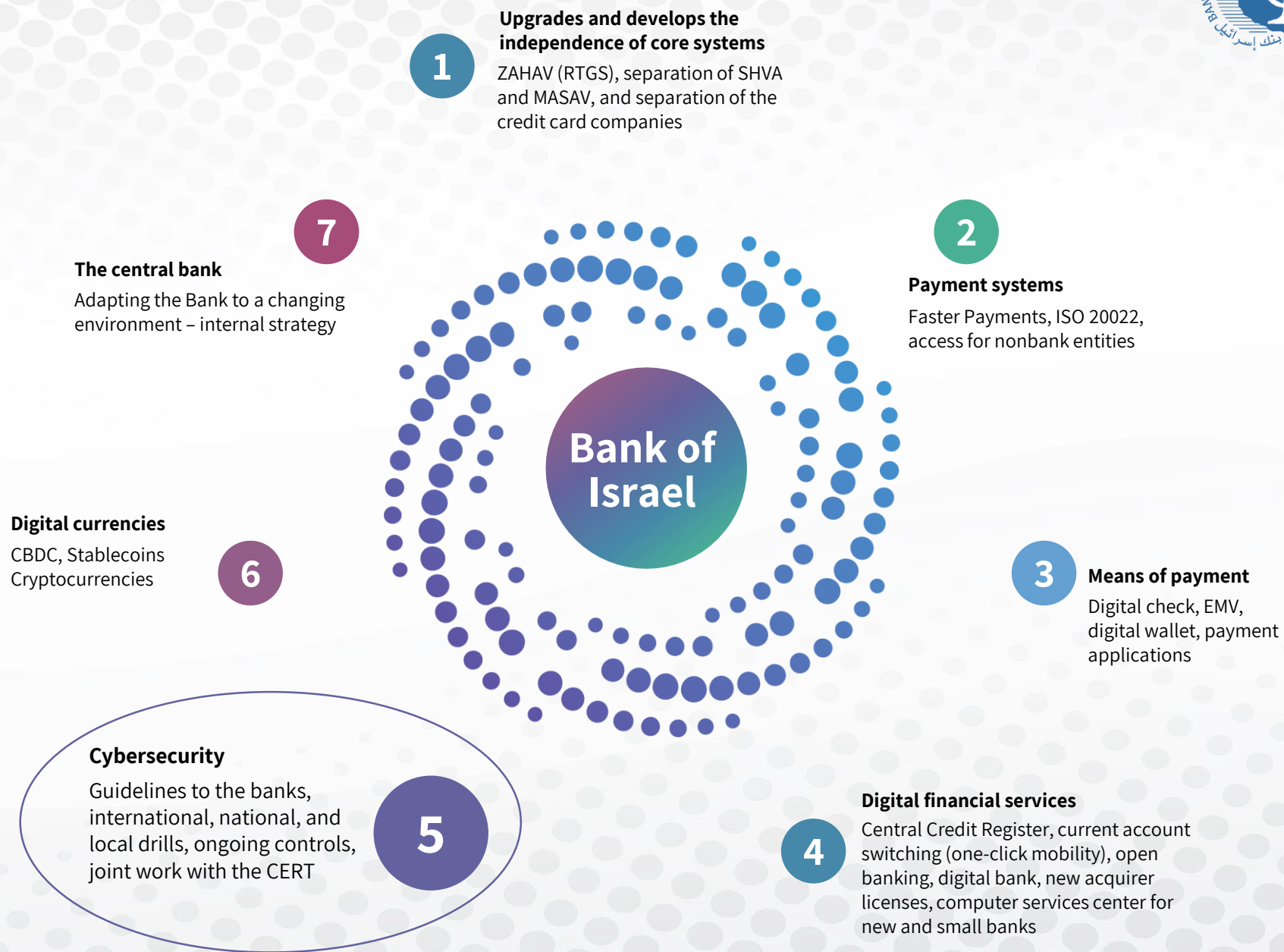
The Bank of Israel promotes and encourages digital financial services.



- ✓ **Central credit register**
- ✓ **Current account switching**
(one-click mobility)
- ✓ **Open banking**
- ✓ **Digital bank**
- ✓ **New acquirer licenses**
- ✓ **Computer services center for new and small banks**



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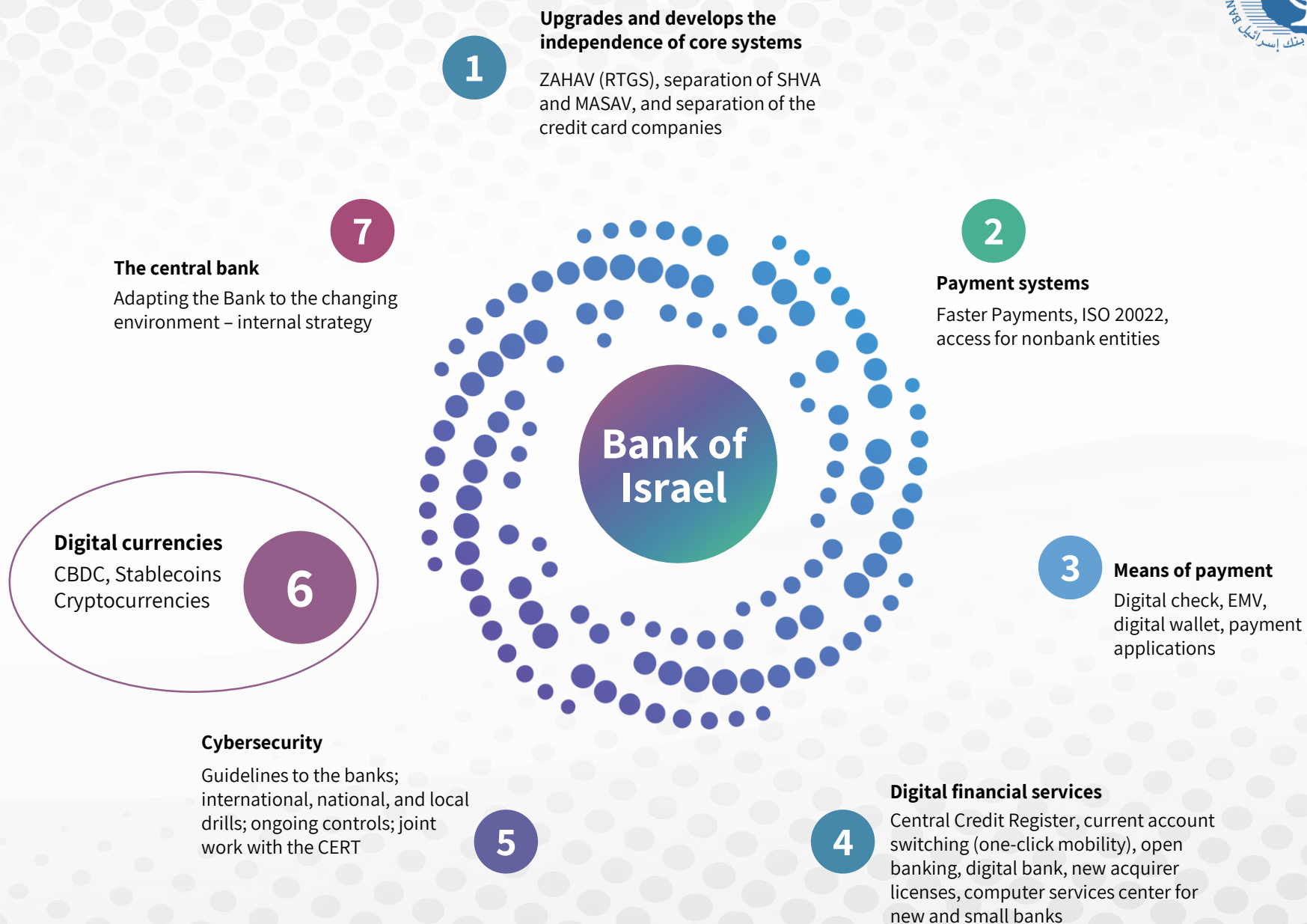


The Bank of Israel is working to minimize cyber risk



- ✓ **Supervisor of Banks Directives to the banking system**
- ✓ **Participation in international drills**
- ✓ **Leadership of, and participation in, national drills**
- ✓ **Leading designated drills for the banking system**
- ✓ **Ongoing controls and examinations of bank systems and supervised systems**
- ✓ **Cooperation with the national CERT**

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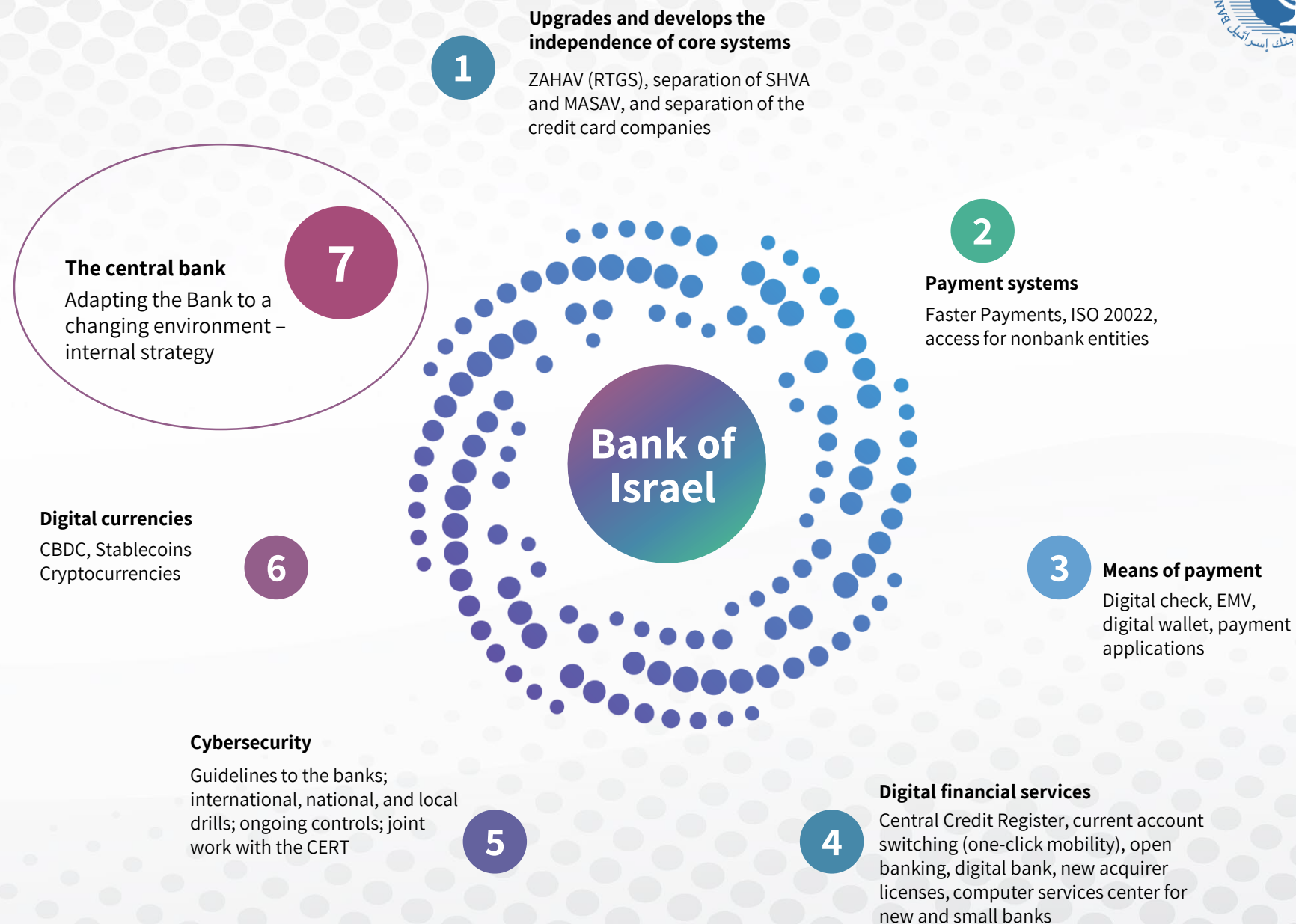


**Central Bank Digital
Currency (CBDC)**

Stablecoins

Cryptocurrencies

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7

The central bank



At the Bank of Israel we believe innovation starts from within.



Internal strategy

**Adapting the bank to a
changing environment**

Challenges for central banks and regulators



- What are the correct the **supervisory principles**?
- How can we prevent **regulatory arbitrage** ?
- How can we ensure appropriate use of **personal data** ?
- Protecting **privacy** vs. encouraging **competition**
- How can we ensure a **reasonable regulatory burden**?
- How can we ensure the **continued relevance of fiat currencies** in a future world of digital currencies?
- How can we advance **digitization and competition while maintaining stability**?

Thank you!!!



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