

The Bank of Israel and the Digital Economy



Oded Salomy

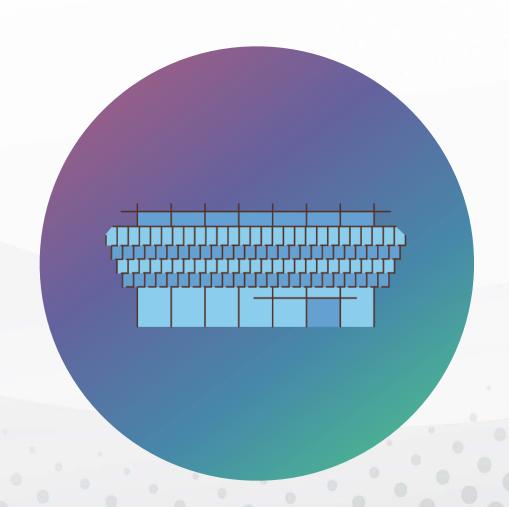
Director, Payment and Settlement Systems Department Bank of Israel



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

The Bank of Israel and the Digital Economy

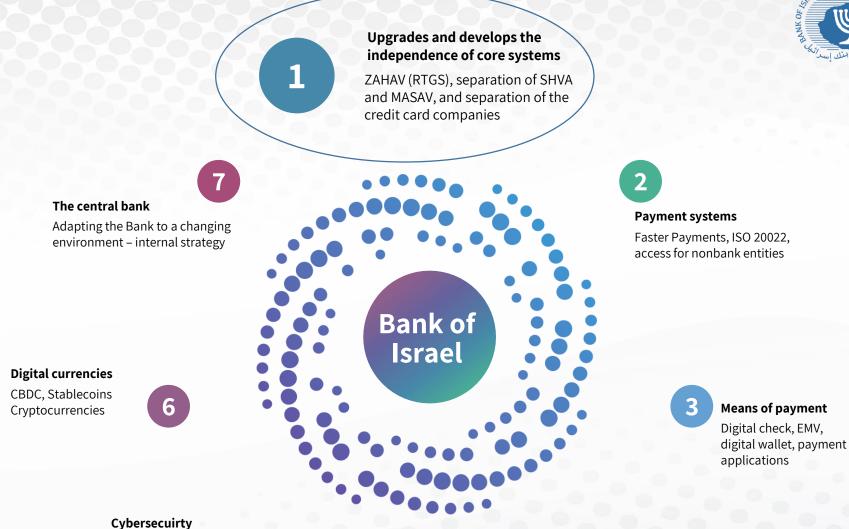




Builds and operates financial infrastructures

Establishes policy

Supervises and regulates

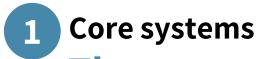


Guidelines to the banks, international, national, and local drills, ongoing controls, joint work with the CERT

5



Central Credit Register, current account switching (one-click mobility), open banking, digital bank, new acquirer licenses, computer services center for new and small banks



The payments ecosystem in Israel









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

COVID-19

Bigtechs

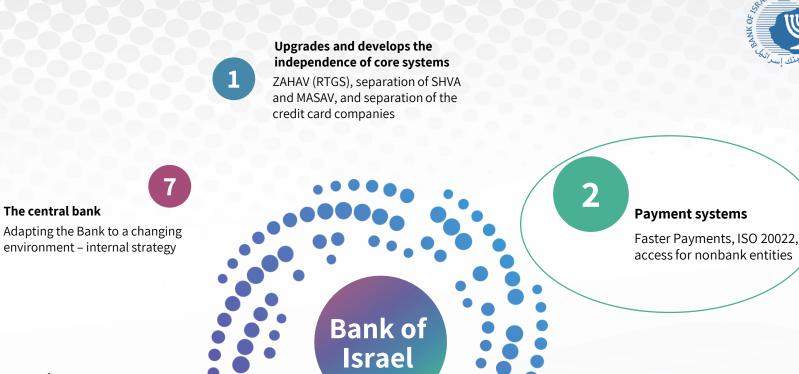
Startup Nation





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





Digital currencies

The central bank

CBDC, Stablecoins Cryptocurrencies

Cybersecurity

Guidelines to the banks, international, national, and local drills, ongoing controls, joint work with the CERT

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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

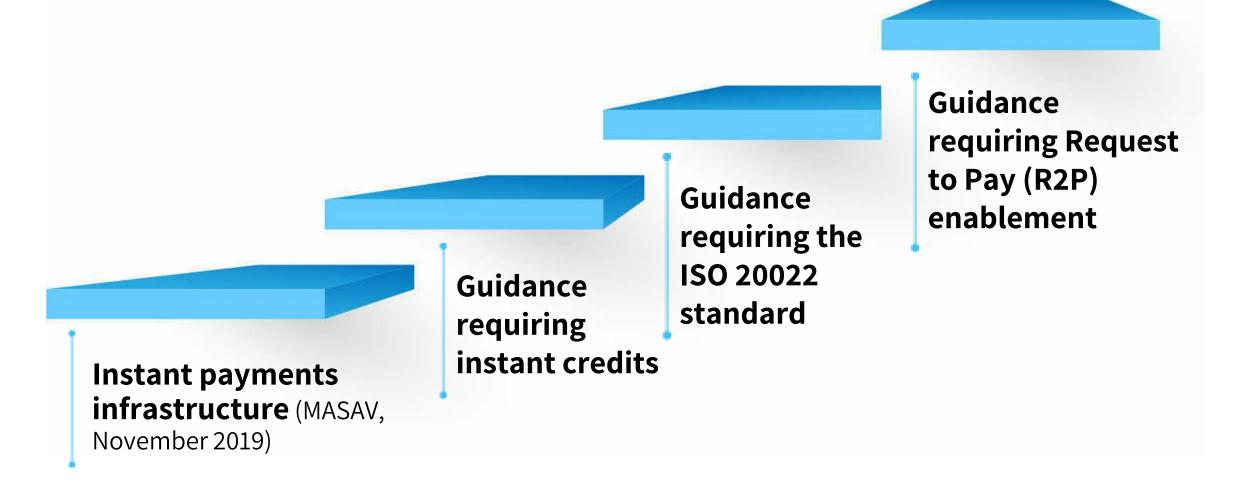
Means of payment

Digital check, EMV, digital wallet, payment

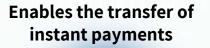
applications



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



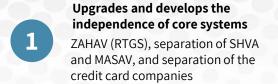
What can we expect?







SOURCE: https://www.ifec.org.hk/web/en/financial-products/fintech/fps.page



Bank of

Israel





The central bank

Adapting the Bank to the changing environment - internal strategy



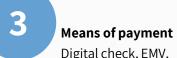
Digital currencies

CBDC, Stablecoins Cryptocurrencies



Payment systems

Faster Payments, ISO 20022, access for nonbank entities



Digital check, EMV, digital wallet, payment applications

Cybersecurity

Guidelines to the banks; international, national, and local drills; ongoing controls; joint work with the CERT



Digital financial services

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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



The Bank of Israel fosters in the financial system





independence of core systems ZAHAV (RTGS), separation of SHVA and MASAV, and separation of the credit card companies

The central bank Adapting the Bank to a changing environment – internal strategy **Bank of** Israel **Digital currencies** CBDC, Stablecoins Cybersecurity Guidelines to the banks,

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Cryptocurrencies

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international, national, and local drills, ongoing controls, joint work with the CERT

Digital financial services

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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



The Bank of Israel fosters in the financial system





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joint work with the CERT

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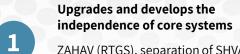




The Bank of Israel is working to minimize cyber risk



- **✓** 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





ZAHAV (RTGS), separation of SHVA and MASAV, and separation of the credit card companies

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The central bank

Adapting the Bank to the changing environment – internal strategy

Digital currencies
CBDC, Stablecoins
Cryptocurrencies

Bank of Israel

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Payment systems

Faster Payments, ISO 20022, access for nonbank entities

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Digital financial services

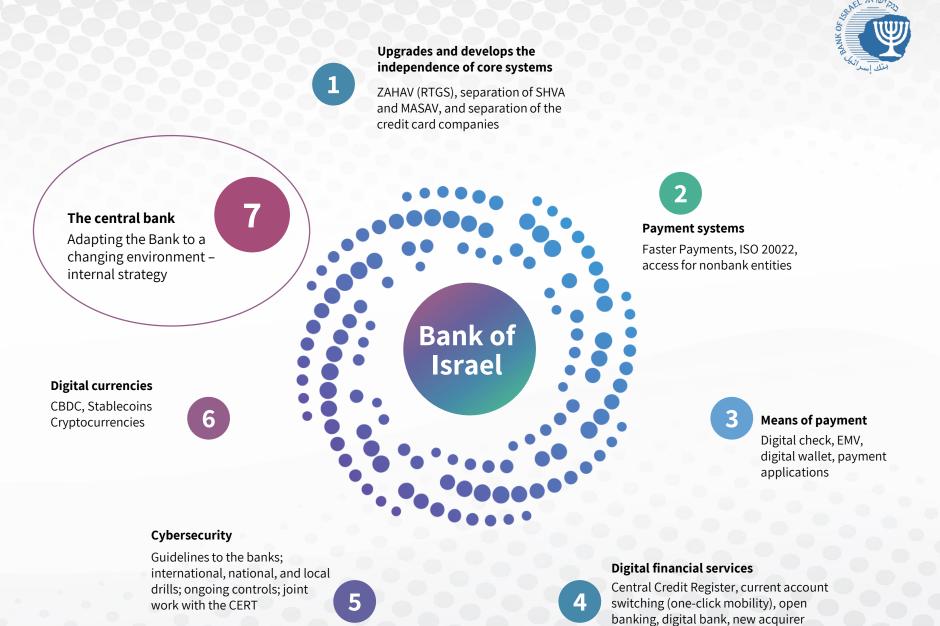
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Stablecoins

Cryptocurrencies



licenses, computer services center for

new and small banks





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



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!!!



Oded Salomy

Director, Payment and Settlement Systems Department Bank of Israel