

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

January 28, 2025

Press Release:

**The Bank of Israel publishes its work plan and budget for 2025**

The Bank of Israel today published the main points of its work plan and the budget for its administrative activity for 2025. The Bank of Israel’s Supervisory Council[[1]](#footnote-1) discussed the Bank's annual work plan, approved the Bank's annual budget for administrative activity, and submitted the budget to the Knesset Finance Committee, as required by the Bank of Israel Law, 5770–2010.

The Bank’s work plan and budget for 2025 incorporate measures to achieve the Bank’s strategic targets alongside steps to provide a response to the unique challenges facing the Israeli economy, in accordance with developments, changes, and risks in the global and Israeli economies. The work plan includes broad activity in many areas, in accordance with the Bank’s statutory functions.

**The following are the targets set by the Bank’s management for the Bank’s work in the coming years:**

* Adapting 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.

**The Bank’s budget**

The Bank of Israel's budget relates to the Bank’s administrative activity necessary for performing its functions and achieving its targets.

In accordance with the Bank of Israel Law, the Bank of Israel's budget is divided into several areas of activity: 1) Management and Central Services (the expenditure budgets of the entities that deal with the management of the Bank and with the provision of services and support); 2) Performance of the Bank’s functions (the expenditure budgets of the core departments); 3) Pensions; 4) Investments; 5) Revenues; 6) Reserve; 7) Currency issue; 8) Managing the assets of the Citizens of Israel Fund, and 9) Credit Data System.

The Bank of Israel’s activity in 2024 was impacted markedly by the events due to the Swords of Iron War. The Bank of Israel played a major role in leading the economy’s dealing with the impacts of the war. We worked to stabilize financial market activity, we led bank frameworks for providing relief to those serving military reserve duty and other population groups that were adversely impacted by the war; we served as a significant factor in providing economic advice to the government and had a notable impact on formulating the fiscal policy; we ensured the continued efficient activity of the payment and cash systems; and we worked to ensure the business continuity of the Bank and its departments. These were all with the extensive and efficient assistance of the Bank’s departments that supported employees called up for military reserves duty and from the aspect of technology and data.

In the first quarter of 2024, we experienced a significant call up of Bank employees to military reserve duty, while afterward the number of employees serving in the reserves declined gradually and stabilized. Despite the lack of manpower, the Bank of Israel initiated and led numerous activities and programs for the benefit of the economy in view of the unexpected reality and the uncertainty due to the Swords of Iron War.

In addition to the unique challenges facing the Israeli economy, there were additional challenges in the monetary sphere—inflation with which Israel as well as countries worldwide are facing.

The work plan for 2025 integrates steps to achieve the Bank’s strategic targets, alongside steps to provide a response to the unique challenges faced by the Israeli economy, the uncertainty regarding the developments in various areas, and the challenges and risks in the domestic and global economies. These include especially promoting immediate steps to support the economy in dealing with the economic ramifications of the Swords of Iron War, and carrying out designated programs and adjustments in the Bank as such.

Due to the war and the substantial economic consequences related to the situation, the Bank’s work plans are formulated and presented this year while knowing clearly that they are a basis for changes in accordance with external and internal developments. In this regard, the structural challenge in finding a balance between the Bank’ current activities and the promotion of strategy and initiatives are all the more important.

The Bank of Israel’s overall budget for 2025 totals NIS 1,301.4 million. The budget is 4.2 percent higher than in 2024, primarily due to an increase in the budget for inflexible issues such as currency issue, managing the assets of the Citizens of Israel Fund for natural gas profits, and the budget for wage and pension payments due to existing wage agreements. The Bank’s budget excluding currency issue, managing the assets of the Citizens of Israel Fund for natural gas profits, and the Credit Data System for 2025 was NIS 1,070.9 million, an increase of 3.2 percent compared to 2024.

In view of the considerable uncertainty as detailed above, and within the framework of the Bank’s efforts to optimize and reduce the Bank’s budget, we increased the flexibility in the Reserve and there was an increase in that item.

Following are the main changes in the Bank of Israel’s budget for 2025:[[2]](#footnote-2)

**Currency issue:** The activity area of Currency Issue in 2025 will be NIS 127.9 million, an increase of NIS 19.8 million (18.3 percent) compared to 2024. The growth in 2025 derives from the demand for cash in the economy and based on the inventory model used by the bank as a major decision-making tool and in accordance with the Bank’s policy for a regular and continuous supply of cash into circulation in routine times and in emergencies. As such, this budget is rigid and requires the allocation of resources in order to provide a response to the demand for cash and various scenarios that impact on it. The budget is significantly affected by the extent of changes in the exchange rate, the cost of raw materials, transport, and the costs and quantities of actual production.

**Credit Data System:** In April 2019, the Credit Data System was launched for the public, in accordance with the Credit Data Law, 5776–2016. The “Credit Data System” budget reflects the cost of a range of activities required by law, and will be NIS 93.5 million in 2025 a decrease of NIS 2.3 million (2.4 percent) relative to 2024. The budget includes planning for the “Credit Register for Businesses” project, which is intended to increase the access to credit for businesses and the competition in the Israel economy, but its implementation is liable to be complex with particularly high costs.

**Managing the assets of the Citizens of Israel Fund:** The budget for the Department that manages the assets of the Citizens of Israel Fund will be NIS 9.1 million in 2025, an increase of NIS 1.7 million (23.4 percent) relative to 2024. In accordance with the Citizens of Israel Fund Law, 5774–2014, a fund was established to manage the State’s revenues from the oil and gas profit levy. The Fund will be called the "Citizens of Israel Fund" (hereinafter, “the Fund”). The goal of the Fund is to manage the State’s revenues from the levy with a long range economic perspective, in order to maximize the return and with the objective of enabling future generations to benefit from the income in respect of this natural resource. The Fund’s assets shall be managed through a designated Department that has been established at the Bank of Israel, and the Fund’s institutions (the Fund’s Council and its Investment Committee) that were established in 2022. The Fund’s institutions outline the investment policy, and the investment activity in actuality is carried out by the designated department in the Bank of Israel. The increase in the Fund’s budget, other than wages, is intended for external consultation and databases that are in line with the Fund’s range of investments.

**Budget for the coming years:** The budget for permitted commitments for coming years is NIS 823.6 million, of which 37 percent is designated for future commitments in respect of the issuance of currency and 26 percent is for the operation of the Credit Data Register.

The administrative activities budget does not include revenues and expenses stemming from the implementation of monetary tools, the provision of credit to banking corporations and to other financial institutions, activities related to managing liquidity in the economy, investment of the foreign exchange reserves, etc. Such revenues and expenses are reflected in the Bank of Israel's financial statements and in the Investment of the Foreign Exchange Reserves report of the Bank.

**Table 1: The Bank of Israel’s Budget for 2025**

(financial data in NIS thousand)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2025** | | | **2024 budget** |  |
| **Budget** | **Permitted commitments for coming years** | **Personnel ceiling** | **2023 budget performance** |
| **Bank of Israel**  = = = = = = = | **1,301,420**  = = = = = | **823,619**  = = = = = | **968.4**  = = = = = | **1,249,273**  = = = = = | **1,033,523**  **= = = = =** |
| **Total excluding Currency issue, Managing the Citizens of Israel Fund, and the Credit Data System** | **1,070,908** | **304,096** | **894.9** | **1,037,994** | **883,541** |
| Management and Central Services | 319,669 | 54,172 | 381.6 | 308,283 | 269,965 |
| Performance of the Bank’s functions | 317,004 | 26,537 | 501.3 | 309,567 | 274,293 |
| Pensions | 332,086 | 201 |  | 330,244 | 297,538 |
| Investments | 78,530 | 96,185 |  | 68,134 | 51,487 |
| Revenues | (9,381) |  |  | (9,531) | (9,742) |
| Reserve | 33,000 | 127,000 | 12 | 31,297 |  |
| Currency issue | 127,892 | 306,614 |  | 108,097 | 76,352 |
| Managing the Citizens of Israel Fund | 9,115 | 1,370 | 14 | 7,384 | 1,753 |
| Credit Data System | 93,505 | 211,540 | 59.5 | 95,797 | 71,876 |

1. Under the Bank of Israel Law, 5770–2010, the Supervisory Council is the entity charged with supervising the administrative activity of the Bank of Israel. The Supervisory Council consists mostly of members from among the public. [↑](#footnote-ref-1)
2. In addition to the budget for wage and pension. [↑](#footnote-ref-2)