

Regulatory Initiatives in Israel Promoting Fast Payments

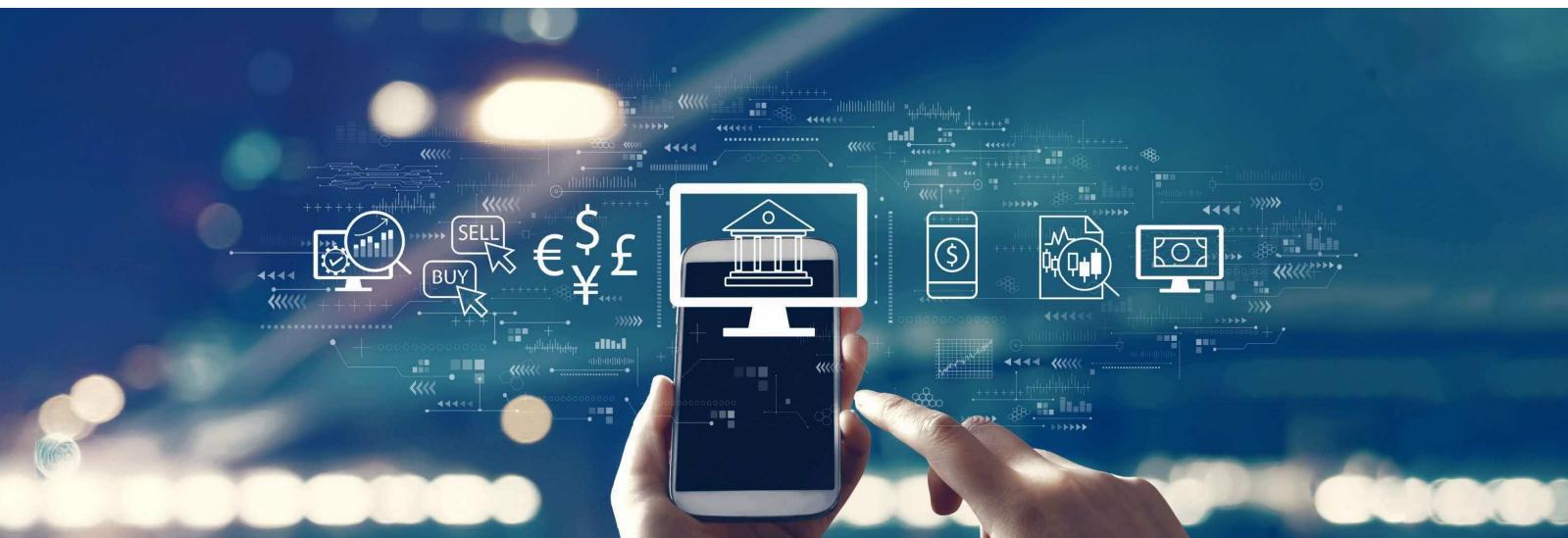
ECPA and World Bank International Conference of Regional Card Organizations and Retail Financial Market Infrastructures

Eastern Europe and Central Asia Forum

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Agenda

- 1 Macroeconomic snapshot
- 2 Why Promote Fast Payments in Israel?
- 3 Regulatory initiatives focused on Fast Payments in Israel



Israel's Economy In Numbers – NOT SO SMALL!



Founded: 1948



Monetary Interest Rate
(29/02/2023-11/04/2023)
4.5%

*Data –Central Bureau of Statistics [GDP](#), [Inflation](#), [Population](#)
Bank of Israel [Interest](#)
Last checked: March 2024

	2019	2020	2021	2022	2023
Annual GDP	ILS 1.3T US 365.5B	ILS 1.3T US 377.4B	ILS 1.4T US 444.3B	ILS 1.6T US 475.6B	ILS 1.6T US 446 B
Annual Inflation	-0.4%	-0.7%	2.5%	5.4%	3%
Net Public Debt to GDP ratio	55.8%	64.6%	60.3%	60.8%	62.1%

Consumer Price Index,
Annual Increase/Decrease
**

[Net Public Debt to GDP ratio](#)
Last checked: March 2024



Existing Players in the Payments Market in Israel

- 99% of assets held by 5 large banks
- 5 substantial bank groups in retail banking
- 2 new digital banks live
- 3 global banks providing corporate services and private banking
- 3 “credit card companies”
- 2 new merchant acquirers, formerly payment gateways
- Multiple new PSPs expected
- New credit union (launching soon)



Financial Inclusion

16

Age eligibility for bank account

94.5%

Hold bank accounts

BOI estimate



Why Promote Fast Payments in Israel?

Unlike other markets: Less focused on financial inclusion

1

Increase competition in the financial sector

High Level of Bank Concentration

Payments are a foundation for additional financial services

2

Enhance the digitized economy

More efficiency

More innovative financial offerings



Increased prosperity and national resilience



Four regulatory frameworks to attract non-bank players to financial services



Israeli PSD2



(June 2024)

Financial Asset licensees holding licenses from the Capital Markets Authority



(October 2022)

Local version of
passporting EMI and
PI licenses from US,
UK and EU for PSPs
(other than
merchant acquirers)



(February 2023)

Local version of
passporting
merchant acquirer
licenses from US, UK
and EU



(November 2023)



New market entrants already leveraging the reform

Four local players obtained a "bank identifier" license in last 5 months

Several international players (including Israeli companies licensed abroad) taking concrete steps to leverage the reform

>70 additional players seeking to leverage the reform

	86	12.11.2023
	35	12.11.2023
	47	12.11.2023
	21	7.2.2024



Regulatory initiatives focused on Fast Payments

**BOI and Competition Authority
requested separation of:**

- **Shva:** Operator of (a) National card switch and (b) National ATM switch
- **Masav:** Operator of (a) National ACH clearinghouse and (b) **Fast Payments clearinghouse**

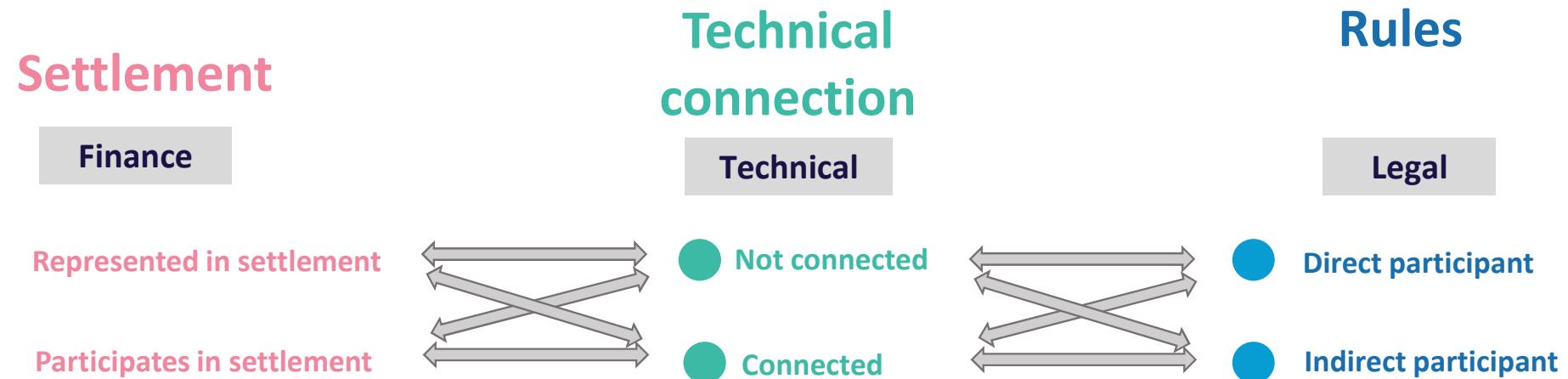
Began January 2021, multi-year process





BOI directed retail FMIs to implement Access Models

Also applies to Fast Payments





BOI directed Fast Payments FMI to implement:



ISO20022



Request
to Pay
(RTP)

Alias/
Proxy

Confirmation of
Payee (COP)

January 2024

By June 2024

By June 2024

Date TBD



Vision:

Dozens of new market players
live within 3-5 years



Thank you

