

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

November 19, 2023

Press Release:

**Set of steps promoting the payments market and providing a response to market needs during the Swords of Iron war**

**Before the eruption of the “Swords of Iron” War, the Bank of Israel worked in various areas intended to strengthen the stability and efficiency of the economy in the payments sphere, from the aspects of using means of payment remotely, data security and business continuity, and enhancing competition in the market. This includes by increasing the number of financial entities in the economy whose financial activity begins with the provision payment services. With the outbreak of the war, these goals became even more important, as the continuous activity of the payment systems is essential for the economy’s continued functioning. Since the beginning of the war, the Payment and Settlement Systems Department, which leads this area at the Bank of Israel, has been working on an emergency footing, holding frequent assessments with various market participants. The Department established designated forums for addressing the emergency situation, while sharing, overseeing, and formulating solutions for various scenarios. In parallel, the Department also continues its regular activities.**

**Governor of the Bank of Israel Prof. Amir Yaron** said, “The payments market has come a very long way in recent years, and its development is a strategic goal of ours at the Bank of Israel. The range of steps published now are an additional pillar in the market development plan that we formulated at the Bank, and the promotion of innovation and competition in it. The continued important activity of the Payment and Settlement Systems Department even at this time, while making the adjustments required in view of the war and the needs arising from the economy, is very important in supporting the Israeli economy.”

**Payment and Settlement Systems Department Director Mr. Oded Salomy** said, “Israel’s current state of emergency has a marked impact on the conduct of consumers and businesses in the payments arena. We are working to enable consumers and businesses to use means of payment remotely on a consistent basis, without having to travel physically to execute a transaction, and to verify that local payment systems continue to operate and provide all services with high availability, with the required protections. The steps we are leading impact on all the entities that participate in the various payment systems, within the Bank and outside it. Alongside that, we continue to take steps all the time that help promote competition in the financial sector.”

Following are the steps published today by the Payment and Settlement Systems Department for the ongoing and designated activity and in view of the war:

1. **Increase in the ceiling for depositing a check via mobile, from NIS 50,000 to NIS 100,000**

Depositing a check via mobile is one of the digital services that the public continues to use as in routine times, remotely, and without needing to arrive at the bank branch. Increasing the deposit ceiling amount enables the public to deposit checks at those higher amounts as well, from anywhere there is access to a mobile network or Internet connection. According to the Bank of Israel’s assessment, there are around 1.65 million checks annually within the range of these amounts, for an average of 137,000 checks per month, which the public will be able to deposit without physically traveling in open spaces during a time of war, and after that as well. This step contributes to continued business activity, enhances the operational speed and convenience in the process of depositing these checks, and reduces costs.

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/c19-11-23/>

1. **Expanding standards of data security, cyber protections, and business continuity that will apply to all the entities in the payment card sphere, to be implemented within a year, and a call to implement them immediately, to the extent possible, in order to strengthen the financial stability during the time of war.**

These standards will apply to all participants in the payment card market in Israel, including unsupervised technological entities that became significant in recent years in the payment card transaction execution process. The standards join standards and requirements that already apply to traditional participants in the sector. The standards were formulated in collaboration with the economy within the framework of the Payment Card Committee managed by the Payment Systems Oversight Division. With the publication of the document today, the Bank of Israel calls on all the entities operating in the payment card market, to adopt the standards detailed in it, as soon as possible. This is to ensure maximum protection of the entities’ activity and the activity of payment cards in Israel, particularly in the complex times in which the State is, and the enhanced concern of cyber attacks. Entities that will not be able to implement the standards rapidly are required to do so within 1 year in any case. Further on, these standards will serve as the condition for activity for all the entities in the payment card transaction chain.

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/e19-11-23/>

1. **Allocation of identification codes to 3 nonbank entities in the payment services sector.**

The Bank of Israel is announcing for the first time the allocation of an identification code to fintech companies that are in process of connecting as participants in the payment system in Israel:

* The identification code allocated to **Meshulam Payment Solutions Ltd. (known also as Grow by Meshulam)** is **35**.
* The identification code allocated to **Global Remit-Currency Services Ltd.** is **47**.
* The identification code allocated to **A.T.M.S Matrix Ltd.** is **86**.

The steps being advanced by the Bank of Israel to open access for nonbank participants to the core systems of the economy in the payment sphere enables fintech companies to operate directly and more independently, while reducing their dependence on banks. The new entities will enhance competition, help reduce the concentration in the financial market, will develop advanced and innovative payment solutions, will increase the efficiency of business processes and services, will reduce costs for the benefit of consumers and businesses, and will increase the substitutability of the traditional participants in a time of crisis as well. The Bank of Israel is aware that in the current period of war, fintech companies of this type expanded their cross-border payment services in order to allow the transfer of donations to Israel in a faster and less expensive manner.

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/g19-11-23/>

1. **Opening the economy to acquirers licensed abroad**

The Bank of Israel announces today that it will allow international acquirers holding a license from the US, EU countries, or the UK, to begin the process of joining as participants in the Payment Card Services system operated by Shva. This is without beginning actual acquiring activity, and before submitting a request for a license allowing the providing of acquiring services in Israel. The Department took this step of opening the market to international entities in the payments sphere in a faster manner than the timetables set in the existing legislation. Opening the market to these international acquirers will increase the supply of payment services that are innovative, varied, and faster, will advance additional financial services that will be based on the payment services.

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/i19-11-23/>

1. **Publication of the fees and the significance of joining as a participant in the Zahav system, for nonbank entities as well**

Traditionally, participation in the Zahav system, the most critical system in Israel’s financial sector, was reserved for banking corporations alone. The Clearing Houses Division published a description of the launch of the joining process by new entities, including nonbanks, and the conditions and requirements for joining the Zahav system, including fees for joining and using the system. The promotion of transparency and information in this sector helps enhance competition in the financial sector, and broaden the variety and increase the number of participants, which makes the substitutability of each of the system’s participants possible, and thus assists in enhancing financial stability.

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/k19-11-23/>

1. **Notice on expanding the identification codes in the financial sector by the end of 2026, a process that will enable more entities to act in the payment systems and related systems. A public consultation document is being published today for consultation with financial and other entities regarding the manner of the expansion.**

Today, every bank and financial entity is identified in the payments system and in related systems by a two-digit code, such 10, 11, or 12. In the past, this code was known as a “bank code”, and in light of the progress of nonbank entities requesting to join the payments system, the Bank of Israel changed the name to “identification code”. The identification code format of only two digits limits the number of participants to 99. As part of the series of steps that were noted above, to increase efficiency and competition in the payment systems, and to encourage the participation of additional entities, preparation is needed to expand the existing identification codes. The expansion will be to a larger number of cells, which will provide a solution to the needs of connecting to the payment system in coming years as well. The Bank of Israel today announced a target date - the end of 2026—for implementation, and published a public consultation document in which it invites the public and the relevant financial entities to submit their views and additional information on the expected expansion.[[1]](#footnote-1)

LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/m19-11-23/>

1. **Consumer loyalty clubs have begun using existing payment card infrastructure.** The Bank of Israel announced that many consumer clubs have begun taking advantage of a measure adopted last year to allow the clubs’ technology providers to enable the utilization of club benefits through end-point technology at merchants outside the clubs, using the same infrastructure that enables payment card transactions. This measure has opened a technological and business track that has generated a series of advantages for customers, including benefits at various stores and chains. This is particularly the case during the current complex period, when the public is dealing with significant economic challenges.

 LINK to notice:

<https://www.boi.org.il/en/communication-and-publications/regular-publications/overview-of-the-payment-and-settlement-systems-red-book/n19-11-23/>

**The Payment and Settlement Systems Department at the Bank of Israel will continue to oversee and monitor the payment systems in Israel, and to delineate a changing policy in accordance with the situation, in order to ensure the continued stability of the payment systems and their participants. Alongside these, it will continue to promote policy steps that support innovation and competition in the system.**

1. A notice on the manner of the expansion of the identification code will be published in July 2024. [↑](#footnote-ref-1)