

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

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Press Release:

**The Bank of Israel publishes a survey of the main developments in the payment and settlement systems in recent years**

* **Since the outbreak of the Swords of Iron War, the Payment and Settlement Systems Department has been working more intensely on a number of levels to strengthen the stability and efficiency of the payments realm in the economy. The Department has focused in part on the use of remote means of payment, information security, and business continuity, as well as increasing the number of financial participants in the economy whose source of financial activity is in the payments realm.**
* **In recent years, there has been a sharp increase in volume of the use of digital means of payment. In 2022–2023, 53 percent of the value of payments was conducted via bank transfers, including credits (about 41 percent) and debits (about 12 percent). In addition, 34.6 percent of the value of payments in 2023 and 33 percent of the value of payments in 2022 were carried out in the ZAHAV system. Furthermore, in the past decade there has been a marked increase in the use of payment cards, an increase of 99 percent in the value of payments, which reached NIS 451 billion in 2023.**
* **All payment systems controlled and supervised by the Bank of Israel showed availability and stability levels that were very close to 100 percent between 2021 and 2023.**

The survey published today describes the payment and settlement systems in Israel, and the main developments in the payments market, including the development of various means of payment and payment services, and the operation of the payment systems during the reviewed period. The survey also deals with the challenges facing the Bank of Israel’s Payment and Settlement Systems Department and the adjustments that are necessary in order to meet the needs arising from the market since the outbreak of the Swords of Iron War.

The measures that the Bank of Israel has advanced in recent years, as part of the strategic vision to advance the payments field, include in part: opening the payment systems to direct or indirect participation by domestic and international nonbank entities; replacing the infrastructure in the ZAHAV critical core system with stronger, more advanced infrastructure; implementing advanced means of payment and upgrading existing means of payment, such as contactless payments through digital wallets, fast payments, cross-border payments, and development of a digital check (known as a digital payment order); raising the ceiling for digital deposit of checks; expanding existing information security, cyber protection, fraud prevention, and business continuity standards for payment cards; and applying new global standards, chiefly the ISO20022 standard, in Israel. Led by the Bank of Israel, the application of new architecture in the payments array was completed. This includes the launch of the new ZAHAV system, the application of failure protocols in the payment systems operated by SHVA and MASAV, the independent and direct connection of these systems to the ZAHAV system using SWIFT architecture, and more. In addition, the Bank of Israel has continued to closely guide the process of separating the payment systems operated by SHVA and MASAV, which will continue in the coming years.

All of these processes, and others that are detailed in the survey, are expected to expand the supply of innovative payment services that are faster and more diverse, and to encourage the development of new and innovative financial services and payment solutions, while lowering costs for consumers and merchants, and maintaining the high level of availability of Israel’s payment systems. According to a recent study by the BIS, an increase in the volume of digital payments leads to an increase in GDP.[[1]](#footnote-1) In addition, increasing the number of participants in the financial sector in general, and in the payments field in particular, is expected to reduce concentration and thereby strengthen the economy’s financial stability.

The survey refers to payment systems data in 2021–2023, as well as additional developments that occurred in 2023.

**Payment and Settlement Systems Department Director Oded Salomy:**

**“The Payment and Settlement Systems Department’s critical work is essential for supporting the Israeli economy, and is designed to reinforce the stability, efficiency, innovation, competition, and business continuity of the payments field. All of these processes have led to the application of new architecture in the payments array, while maintaining the high level of availability, reliability, and stability, of Israel’s payment systems. These all create uniformity and synergy that contribute to the accelerated development of the payment and settlement field and form the basis for a variety of additional developments that are on the way for the Israeli economy. In many ways, we have already become a leading country in the payments field, and we will continue to promote measures to maintain this important standing.”**

1. https://www.bis.org/publ/work1196.htm [↑](#footnote-ref-1)