



Highlights of the Bank of Israel Work Plan for 2026

Foreword by the Governor and the Chairman of the Supervisory Council

The Bank of Israel's Supervisory Council hereby publishes the main provisions of the Bank of Israel work plan for 2026, in accordance with Section 20(b) of the Bank of Israel Law, 5770–2010.

The Bank of Israel's work plan for 2026 was formulated with the goal of leading the Bank to the optimal execution of its mission and mandate as set in the Law, the promotion of the Bank's values, and the realization of the vision to be an advanced central bank that contributes to Israel's prosperity and the welfare of its citizens.

The work plan for 2026 supports the Bank's strategy, which outlines the courses of action for the Bank of Israel in the coming years and aims to promote financial resilience, an innovative and fair financial system, and research and policy that are forward-looking and decision-supportive, while adapting the organization and its work processes to future challenges. The plan also includes measures designed to address the global and domestic challenges facing the Israeli economy, including dealing with the economic implications of the security situation.

The Bank of Israel will continue contributing to the prosperity of the Israeli economy, while supporting stability, encouraging competition, promoting innovation, and improving customer service in the financial system.

We would like to thank all those who contributed to the preparation of the work plan: the Bank's employees and management, members of the Monetary Committee and members of the Supervisory Council, who work hard to fulfill the Bank of Israel's functions and achieve its objectives.



Prof. Amir Yaron,
Governor of the Bank of
Israel



Prof. Joshua (Shuki) Shemer,
Chairman of the Supervisory
Council

Sincerely,

A handwritten signature in blue ink, appearing to read "Yaron".

Prof. Amir Yaron,
Governor of the Bank of Israel

A handwritten signature in blue ink, appearing to read "Shemer".

Prof. Joshua (Shuki) Shemer,
Supervisory Council Chairman

The Foundations of the Work Plan

Mission

- To maintain price stability, as its central goal;
- To support other objectives of the Government's economic policy, especially growth, employment and reducing social gaps, provided that, in the Monetary Committee's opinion, this support shall not prejudice the attainment of price stability over the course of time;
- To support the stability and orderly activity of the financial system.

Mandate

- **Managing** monetary policy;
- **Holding** and managing the foreign exchange reserves of the State;
- **Supporting** the orderly activity of the foreign exchange market in Israel;
- **Acting** as banker of the Government;
- **Regulating** the economy's payment and settlement systems, to ensure their efficiency and stability;
- **Issuing** currency and regulating and guiding the cash system of the economy;
- **Carrying out** the supervision and regulation of the banking system;
- **The Governor serves** as advisor to the government on economic matters, including with regard to reducing social gaps and decreasing inequality in the income distribution in society;
- **Establishing and managing** the Credit Data Register and carrying out the oversight and regulation of the Credit Data System;
- **Managing** the assets of the Citizens of Israel Fund (the Fund for the Administration of State Revenues from the Levy on Oil and Gas Profits).

Vision

To be an advanced central bank that contributes to Israel's prosperity and the welfare of its citizens.

Values

Stateliness, Partnership, Professionalism, Integrity, Fairness and Respect for the individual.

Highlights of the Bank of Israel Work Plan for 2026

The Bank of Israel's Work Plan for 2026 is derived from the mission and mandate defined in the law, and is intended to promote the Bank's strategic targets as set out for the coming years, and to provide a response to the specific challenges currently facing the economy. In addition, the Bank of Israel is advancing and developing several policy and organizational issues at the strategic level.

Financial Resilience

Ensuring the stability and strength of the financial system, the payment systems, and the currency during both routine times and emergencies

Prevention and protection – Maintaining a stable and balanced financial infrastructure that will make it possible to deal with any future economic challenge

Improving supervisory, regulatory, and enforcement tools, and adapting them to international standards

- Maintaining the stability and functional continuity of the banking system, the payment systems, and the cash system;
- Research on the financial system and its stability, and formulating tools to maintain financial stability, including the advancement of financial regulation;
- Ensuring the regular activity and the proper functioning of the financial markets and of the foreign exchange market;
- Ensuring cash services in routine times and during emergencies, and preparation for shifts and changes expected in the area of means of payment;
- Managing the currency system and establishing an information system for the control, regulation, and guidance of cash activities in routine times and emergencies;
- Reexamining the structure and capital requirements as part of the implementation of the Basel III and IV directives in order to align regulation with international standards regarding banking issues;
- Beginning the process of adopting the Principles for Financial Market Infrastructures (PFMI) in regulation and legislation, adapted to domestic activity.

Adopting orderly processes for constant identification of threats and risks

- Small business risk analysis;
- Advancing processes and measures to strengthen cyber defense in the banking system and in the controlled payment systems.

Constant improvement of the operational, analytical, and policy aspects of managing the foreign currency reserves, while adapting to changing challenges and meeting the accepted standards in the advanced economies

- Continuing to adapt the investment policy of the reserves to developments in the global and domestic economies, and adapting the portfolio to the new guidelines as they take effect;
- Enhancement of the information system in the area of reserves management, and examining tools for managing the reserves.

Constant improvement of all aspects of managing the assets of the Citizens of Israel Fund and meeting the standards accepted in the advanced economies

- Continued establishment and development of the infrastructure necessary for the operations of the Citizens of Israel Fund Management Department;
- Managing the Fund's money in accordance with international criteria, with the aim of maximizing the Fund's profits with a long-range vision.

Crisis management – Working rapidly and efficiently to stabilize the financial system and ensure its proper functioning

Increased preparedness of all processes to support the activity of the financial system during a crisis, including legislative, operational, and technological aspects

- Emergency readiness: Advancing and monitoring the Bank's preparedness to deal with crisis situations;
- Examining arrangements to strengthen the resilience of the banking system during a crisis;
- Preparedness for crises and for cyber threats, alongside expanding the Bank's readiness to deal with crisis and emergency situations, including the implementation of lessons from the "Swords of Iron" War and from Israel's "Rising Lion" campaign against Iran.

Innovative and fair financial system

Empowering competition and innovation in the financial system while ensuring fairness to the customer

Encouraging competition in the financial system as a motivating factor for improving and diversifying financial services and increasing the customer's well-being

Removing entry barriers for new participants

- Increasing the number of participants in the banking system by advancing a gradual path for issuing bank licenses to nonbank entities;
- Guiding the establishment of a new digital bank – “Esh Bank”;
- Advancing the opening of controlled payment systems, including the ZAHAV system, to participation of nonbank entities and fintech firms, including international nonbank participants;
- Preparation for expanding identification codes to financial service providers.

Enhancing the customer's power in the financial system

- Promoting competition in the business credit market, particularly for small and medium enterprises, and expanding their access to credit—as part of the expansion of the credit data system to include corporate data as well;
- Expanding access to credit, in accordance with the objectives of the Credit Data Law, by increasing the use of the credit data system and raising the public's awareness of it;
- Advancing an open banking standard that will enable the sharing of financial information securely and transparently in order to increase competition, empower the customer, and encourage innovation in the market;
- Continuing to make interest rate data on consumer credit, housing credit, and mortgages more accessible, clear, and organized;
- Examining supervisory policy regarding bank fees.

Support of innovation – Guidance and support of financial innovation as a key to continued development

Creating the infrastructure for developing innovative and diverse means of payment while ensuring access to cash

- Building a work plan for the potential future issuance of a digital shekel;
- Examining and supporting the advancement of innovative means of payment, including the possibility of implementing a digital charge directive, advancing immediate payments in Israel, tokenization of deposits, and stablecoins;
- Examining steps to improve cross-border payments, including testing the connectivity of Israeli payment systems to payment systems abroad;
- Ensuring access to cash during routine and emergency periods, and conducting regular tests on the issue, including through surveys that assess the changes expected in demand for cash.

Guiding and implementing new technologies and digital transformation

- Analysis and preparedness for the impact of new technologies on economic activity;
- Beneficiary validation before a payment is executed (Confirmation of Payee—COP);
- Examining the standardization and harmonization of messages sent through the various controlled payment systems (ISO), in line with the international standards.

Guiding and consulting on regulatory processes of activity in emerging markets

- Advancing the development of a “repo” market in Israel (one of the short-term credit market tools);
- Continued guidance and monitoring of the legislative process for the securitization law, and preparedness for the development of a securitization market in Israel;
- Examining the significance of regulating cryptocurrencies globally and the implications for the Israeli market.

Advancing fairness – Promoting a culture of fairness and optimal and inclusive service in the banking system

Ensuring a culture of fairness toward the customer and optimal and inclusive service, including with regard to the developing digital services

- Adoption of regulatory principles in the area of fairness and consumer protection in line with international standards;
- Strengthening financial information and customer rights;
- Advancing recommendations of the interministerial team to increase financial inclusion, as part of the advancement of financial information campaigns in various sectors, formulating methodologies, establishing infrastructure, and implementation;
- Improving the service that the Bank of Israel provides for customer enquiries by establishing a joint center for public enquiries.

Taking actions to prevent financial fraud, particularly in view of the increasing risk of exposure of personal information and to protect customer assets

- A variety of actions to prevent and reduce financial fraud and advance cooperation in this area;
- Reducing currency counterfeiting through the use of advanced artificial intelligence for mapping and analysis;
- Public information campaigns regarding currency, including distribution, use of cash, encouraging the use of digital means for cross depositing, the future use of case, and dealing with currency counterfeiting.

Research and forward-looking policy

Adapting policy, tools, and processes to future challenges

Developing and adapting monetary policy tools—Updating the policy tools and models so that they ensure the optimal adaptation to the changing reality

Adapting policy tools to future challenges

- Formulating and using the monetary tools available to the Bank during routine and crisis periods;
- Developing a new short-term macroeconomic forecasting model—an economic growth model based on industry perspective;
- Examining the potential effects of a central bank digital currency (CBDC) on financial intermediation, should such a currency be issued in Israel;

Developing and upgrading innovative monetary models

- Analyzing and forecasting inflation in the short term;
- Developing and broadening an updated structural macroeconomic model for the Israeli economy that will enable the identification of shocks to supply and demand in various markets;
- Building indices to examine the effectiveness of the monetary and regulatory models.

Research and policy targets—Developing a relevant research infrastructure for setting policy

Developing a research infrastructure and focusing on main policy issues

- Analysis and research of the war's ramifications on economic activity: Growth potential, fiscal implications, and ramifications on the labor market, as well as revising strategic policy recommendations in view of the war's impact;
- Economic advice to the government in the area of fiscal policy and its impact on the economy;
- Formulating economic policy recommendations through research in the following areas: long-term growth and productivity in the Israeli economy; the labor market; the real estate market and the construction industry; infrastructure and investments in the economy; the financial markets and institutions; welfare policy, including the healthcare and long-term care system; the economic and social effects of population aging; competition in the economy;

development of human capital, including skills and improving the education system; advancing knowledge and policy with regard to the Arab and *Haredi* communities in Israel; and policy with regard to energy and the environment.

- Monitoring and analyzing developments in the housing market;
- The implications of deglobalization and fragmentation in the global economy for the Israeli economy, with a focus on foreign trade;
- Assessing the impact of artificial intelligence on the Israeli economy and its implications for policy;
- Advancing macroeconomic research in accordance with international criteria;
- Strengthening cooperation with academic institutions in Israel with regard to studying the Israeli economy;
- Continued improvement and advancement of the ability to proactively and rapidly formulate recommendations for action vis-à-vis the ongoing developments in the outside environment;
- Advancing statistical infrastructure for capital movements (flow of funds) in the Israeli economy;
- Proactive construction of a comprehensive and up-to-date picture reflecting developments and trends in the global financial, economic, and geopolitical systems.

Adapting the organization to future challenges

Adapting the organization's resources to enable effective dealing with future challenges

Human capital – Developing existing and future human capital as a key to organizational success over time

Promoting internal mobility

- Promoting mobility and transitioning between functions in the organization.

Adapting recruitment processes to developments in the world of employment and to the Bank's future challenges

- Enhancing diversity at the Bank.

Retaining and developing human capital

- Empowering and developing the Bank's human capital;
- Promoting learning, managing knowledge groups, and developing the skills and abilities of the future.

Data and information – Implementing innovations in the data and information infrastructure to improve performance and the attainment of the Bank's objectives

Broadening and diversifying data sources, including real-time data, big data, and unstructured data, and making them intuitively accessible

- Development of statistical models to forecast economic indicators, based on nontraditional data, to assess the state of the economy in Israel during periods of uncertainty;
- Implementing tools to analyze big data;
- Expanding access to the data, products, and periodic publications, including on the Bank of Israel website, to the public and to decision-makers.

Broad regulation of data management, creating a uniform organizational language for data management

- Development of a prototype for querying integrative itemized data for decision-making;
- Promoting data governance and data structure in accordance with the SDMX standard (Statistical Data and Metadata Exchange—an international standard for information sharing and data management between central banks and international institutions).

Technology – Upgrading infrastructure and supporting digital transformation, while utilizing the potential of new technologies

Adoption of advanced technologies to advance the Bank's objectives, while managing the risks they entail

- Advancement, development, and upgrading of technological infrastructure at the Bank and in the cloud.

Creating an advanced and stable work environment for employees, adapted to the changing and flexible labor world

- Providing innovative technological solutions including the development and implementation of information systems, tools, and applications.

Implementing relevant tools and applications that will keep the organization at the forefront of technological advancement

- Preparation for the adoption of disruptive technologies;
- Streamlining through the use of artificial intelligence;
- Strengthening the cyber array at the Bank of Israel, and securing the use of artificial intelligence.

Physical infrastructure

Providing a response to the future growth of manpower, and streamlining the management of the Bank's assets

- Upgrading the physical infrastructure and providing a response to the Bank's future needs.

Work processes

Maintaining efficient and effective work processes that will help realize the Bank's objectives

Effectiveness, innovation, and initiative – Adopting a constant improvement approach, in which processes are continuously examined and adapted, while encouraging innovation and initiative

Cultivating integrative and effective work processes, with transparency of information and knowledge

- Streamlining and simplifying organizational processes;
- Implementing technological tools and digitizing processes;
- Increasing synergy and cooperation;
- Promoting risk management culture at the Bank.

Promoting an organizational culture that encourages innovation and initiative

- Inculcating values of innovation, partnership, and initiative;
- Implementing systems to effectively management tasks and decisions;
- Implementing the use of AI tools to streamline work processes.

Developing cooperation with leading international entities

- Tightening cooperation and coordination with central banks and international financial institutions, particularly on issues related to community and financial education (with bodies such as the IMF and the OECD International Network on Financial Education (INFE));

- Managing a local foreign exchange committee as part of Israel's membership in the Global Foreign Exchange Committee (GFXC).

Examining the various aspects of the use of social platforms for communicating with the public—including policy messaging

- Deepening public information campaigns on the Bank's policy and its activities using advertising, events, and Internet and digital platforms, while examining the expansion of the use of social platforms for messaging;
- Promoting financial information and public information campaigns on the Bank's activities to various communities and sectors and to the public at large;
- Upgrading the Bank's visitors center.