

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

July 18, 2023

Press release:

**Advancing Competition in the Israeli Payment and Settlement Market:**

**The Bank of Israel has granted a permanent merchant acquirer’s license to Cardcom Settlements Ltd.**

**At the recommendation of the Supervisor of Banks, and after consulting with the Licensing Committee, the Governor of the Bank of Israel announced the granting of a permanent merchant acquirer’s license to Cardcom Settlements Ltd.**

As part of the Bank of Israel’s efforts to make the financial system a more competitive and advanced system to benefit its customers, which include the lowering of barriers to establish a new merchant acquirer, a simple process was set out to support the acquisition of a license.  This process included sharply lower capital requirements for a new merchant acquirer, as well as other regulatory leniencies.  Accordingly, in 2018, a temporary license was issued to Cardcom Settlements Ltd.  Following a process that included guidance from the Banking Supervision Department, and in view of the company meeting all milestones set as part of the temporary license, the company’s controlling owners have received a permanent merchant acquirer’s license for the company.

With regard to supervision of companies that have obtained a merchant acquirer’s license, it should be noted that a new law was recently passed—the Regulation of Payment and Payment Initiation Services Law, 5783–2023.  Pursuant to this law, as of June 2024, payments services provided by nonbank entities will require a license and supervision by the Israel Securities Authority.  In order to create regulatory certainty, companies that obtain a merchant acquirer’s license from the Governor of the Bank of Israel will be supervised by the Bank of Israel’s Banking Supervision Department until they are transferred to the Israel Securities Authority in accordance with the Law.

Bank of Israel Governor Prof. Amir Yaron said, “We are in a period in which many financial reforms that we have advanced in recent years are being implemented to increase competition and innovation in the financial system.  I thank the Banking Supervision Department for their close guidance, and I congratulate the management of Cardcom Settlements for meeting the milestones to obtain a merchant acquirer’s license, and I would like to wish the company success in its work.”

Supervisor of Banks Daniel Hahiashvili said, “Granting licenses to new merchant acquirers is one of many steps that we have advanced together with other partners in the government and among the other financial regulators in recent years to increase competition in the financial system.  Granting the permanent license to Cardcom Settlements will enable it to operate with all merchants without limitations, and will in practical terms help strengthen competition between merchant acquirers to benefit the merchants.”

Cardcom CEO Eran Malach said, “Obtaining a permanent merchant acquirer’s license from the Bank of Israel and the Banking Supervision Department is an expression of trust in Cardcom’s abilities and in the experience it has gained in the settlement market.  The license will enable us to strengthen and broaden the variety of settlement solutions that we are now bringing to the small and medium business market, and add more settlement and credit solutions for them, create technological innovation, and maintain efficiency in the service, reliability, speed, and flexibility that are increasingly necessary in the credit and settlement market.  This market is a significant element in the Israeli economy’s growth capability, and any positive change in it will benefit all businesses.  After many years in which the market contained a very small number of participants, we are certain that Cardcom’s entry will contribute to competitiveness, creating new standards, improved service, and creating added economic value for customers.”