

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

February 6, 2023

Press Release:

**The Bank of Israel publishes its work plan and budget for 2023**

The Bank of Israel today published the main points of its work plan and the budget for its administrative activity for 2023. The Bank of Israel’s Supervisory Council[[1]](#footnote-1) discussed the Bank's annual work plan during December 2022, approved the Bank's annual budget for administrative activity on December 22, 2022, and submitted the budget to the Knesset Finance Committee, as required by the Bank of Israel Law, 5770–2010.

The Bank’s work plan and budget for 2023 incorporate measures to achieve the Bank’s strategic targets for the coming years, alongside steps to provide a response to the unique challenges facing the Israeli economy, in accordance with developments, changes, and risks in the global economy and the Israeli economy. The work plan includes widespread activity in many areas, in accordance with the Bank’s statutory functions.

**The following are the targets set by the Bank’s management for the Bank’s work in the coming years, from the overall work plan:**

* Adapting monetary policy to the changing environment;
* Strengthening the financial system and the Israeli economy’s resilience to crises;
* Consistently advancing research on the Israeli and global economies;
* Broadening the abilities to collect and extract economic data and research, and making it accessible to researchers and decision makers;
* Promoting financial infrastructures and digital means of payment in Israel’s economy;
* Encouraging competition and innovation in the financial system;
* Protecting banking customers’ rights, improving their negotiating position, and reducing information gaps;
* Making financial services more accessible to all citizens (financial inclusion);
* Tightening the Bank of Israel’s connection with the public, in line with the various target population groups;
* Enhancing collaboration with international institutions and with central banks and regulators abroad;
* Managing the country’s foreign exchange reserves;
* Implementing the Citizens of Israel Fund Law, 5774–2014;
* Aligning the Bank with the changing environment.

**The Bank’s budget**

The Bank of Israel's budget relates to the Bank’s administrative activity necessary for performing its functions and achieving its targets.

In accordance with the Bank of Israel Law, the Bank of Israel's budget is divided into several areas of activity: 1) Management and Central Services (the expenditure budgets of the entities that deal with the management of the Bank and with the provision of services and support); 2) Performance of the Bank’s functions (the expenditure budgets of the core departments); 3) Pensions; 4) Investments; 5) Income; 6) Reserve; 7) Currency issue; 8) Managing the assets of the Citizens of Israel Fund for natural gas profits, and 9) the Credit Data System.

The Bank of Israel’s overall budget for 2023 totals NIS 1,108.8 million. The budget is 2.9 percent higher than in 2022, primarily due to an increase in the budget for the Credit Data System this year.

The following are the main changes in the Bank of Israel’s budget for 2023:

**Credit Data System:** In April 2019, the Credit Data System was launched for the public, in accordance with the Credit Data Law, 5776–2016. The “Credit Data System” activity area includes the budget for a range of activities required by the Credit Data Law. In 2023, the budget in this area will be NIS 115.9 million, an increase of 30 percent compared with 2022. This increase derives mainly from the need to refresh hardware 3 years after the system went on air, a 3-year project that is reflected in the budget presented today and additional investments for developing the database, such as adding on new information sources and users to continue enhancing competition and compliance with the goals of the Law. In addition, the budget includes the planning of a new project—“the credit database for small and medium size enterprises (SMEs)”, which is expected to be a mega-project that will contribute markedly to enhancing access to credit for small and midsized enterprises and competition in the Israeli economy.

**Managing the assets of the Citizens of Israel Fund:** In accordance with the Citizens of Israel Fund Law, 5774–2014, a fund was established to manage the State’s revenues from the oil and gas profit levy. The Fund will be called the Citizens of Israel Fund (hereinafter, “the Fund”). The goal of the Fund is to manage the State’s revenues from the levy with a long range economic perspective, in order to maximize the return and with the objective of enabling future generations to benefit from the income in respect of this natural resource, in line with the Law. The Fund’s assets shall be managed through a designated Department being established at the Bank of Israel, and the Fund’s institutions (the Fund’s Council and its Investment Committee) that were established in 2022. The Fund’s institutions shall outline the investment policy. During 2022, the Bank of Israel invested the initial flows received from the Israel Tax Authority in accordance with the guidelines of the Fund institutions. The budget for 2023 will be NIS 0.9 million, a decrease of 42 percent relative to 2022.

**Budget for future years:** The budget for permitted commitments for coming years is NIS 428 million, of which 36 percent is designated for future commitments in respect of the operation of the Credit Data System, and 35 percent is designated for the issuance of currency.

The administrative activities budget does not include income and expenses stemming from the implementation of monetary tools, the provision of credit to banking corporations and to other financial institutions, activities related to managing liquidity in the economy, investment of the foreign exchange reserves, etc. Such income and expenses are reflected in the Bank of Israel's financial statements and in the Investment of the Foreign Exchange Reserves report of the Bank.

**Table 1: The Bank of Israel’s Budget for 2023**

(financial data in NIS thousand)

|  |  |  |
| --- | --- | --- |
|  | **2023** | **2022 budget** |
| **Budget** | **Permitted commitments for coming years** | **Personnel ceiling** |
| **Bank of Israel**= = = = = = = | **1,108,835**= = = = = | **428,364**= = = = = | **950.7**= = = = = | **1,077,115**= = = = = |
| Management and Central Services | 278,825 | 39,131 | 381.3 | 272,031 |
| Performance of Bank’s functions | 276,451 | 35,482 | 494.9 | 273,068 |
| Pensions | 300,508 | 116 |  | 308,439 |
| Investments | 45,371 | 38,184 |  | 46,405 |
| Income | (8,281) |  |  | (7,851) |
| Reserve | 18,506 | 13,000 | 10 | 13,497 |
| Currency issue | 80,650 | 148,888 |  | 80,803 |
| Operation of the Citizens of Israel Fund for natural gas profits | 905 | 169 | 8 | 1,567 |
| Credit data system | 115,900 | 153,395 | 56.5 | 89,156 |

1. Under the Bank of Israel Law, 5770–2010, the Supervisory Council is the entity charged with supervising the administrative activity of the Bank of Israel. The Supervisory Council consists mostly of members from among the public. [↑](#footnote-ref-1)