

Leveraging Progressive Regulation Cultivating Fintechs in the World's 30th Largest Economy

FinTech Connect 2024
London

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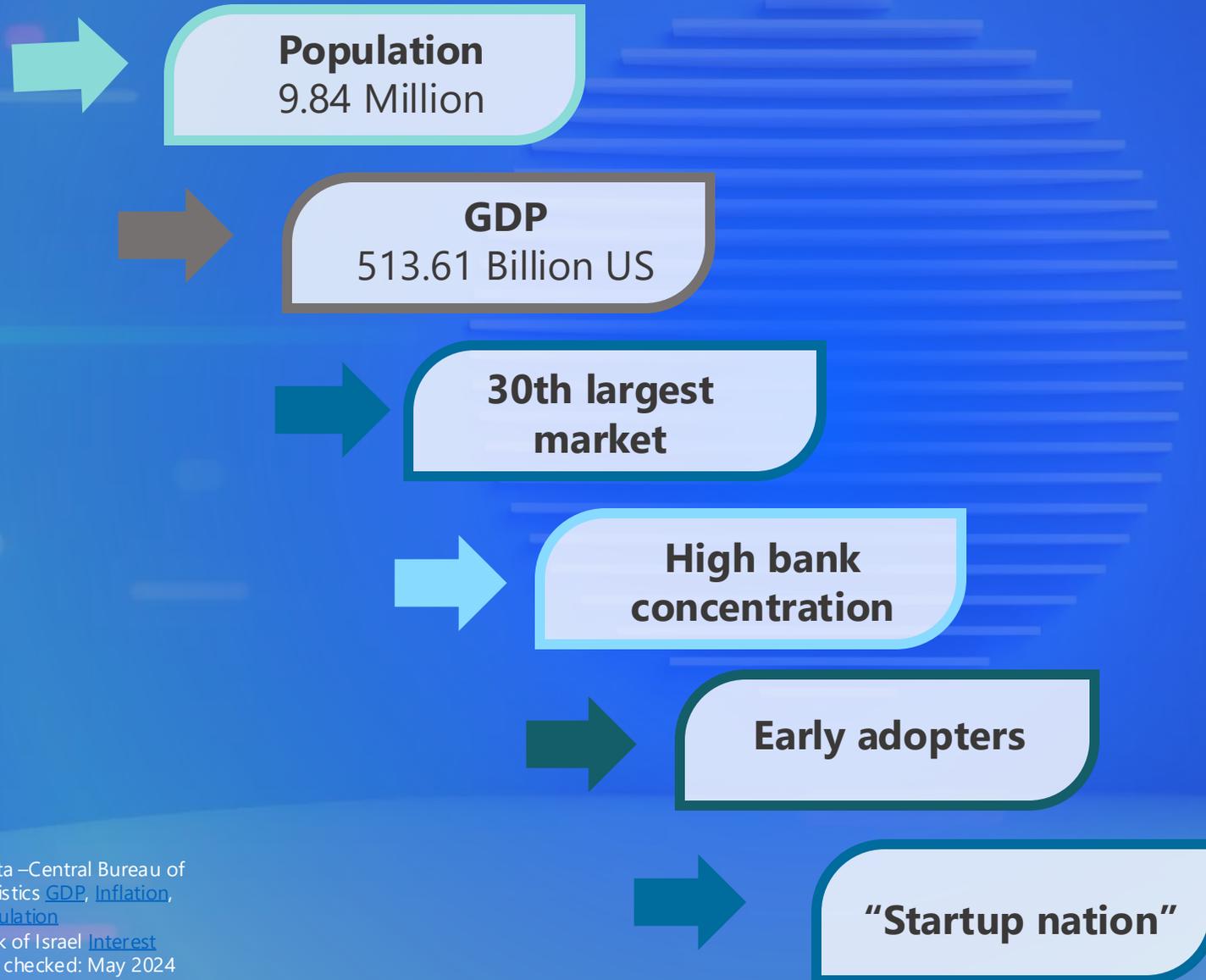
Member of Management
& Director of Payment Systems

Bank of Israel

5th December, 2024



Israel market snapshot



*Data –Central Bureau of
Statistics [GDP](#), [Inflation](#),
[Population](#)
Bank of Israel [Interest](#)
Last checked: May 2024

Robust Fintech Ecosystem in Israel



Hundreds of
Fintech
companies



Dozens of
VCs



Dozens of
Fintech
unicorns



Global Fintech
R&D Centers

Regulatory motivation to enhance the payments industry and cultivate Fintech companies

**Grow
GDP**

**Lower
total cost
of
payment**

**Increase
competition
in the
financial
sector**

Regulatory initiatives in financial services (other than payments)



Financial incentives for Fintech R&D & Innovation



Credit data registry / credit bureaus



Open finance

- Account information services (part of open banking)
- Credit data from NBFIs



Cloud banking



Incentives for Insurtech investments, lighter licensing for digital insurance companies



Israeli Banking as a Service (platform)



Account switching



Lighter bank licensing requirements

Regulatory initiatives in payments



Digital Shekel – CBDC (exploration)



Cross-border targets



Proximity payments



Faster payments



Digital cheque - forthcoming



Payment initiation (part of open banking)



Open access to designated payment systems

Open access to designated payment systems

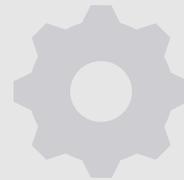
RTGS



**National ACH
Clearing House
operated by
Masav**



**Faster
Payments
System
operated by
Masav**



**National
Card Switch
operated by
Shva**



**National
ATM Switch
operated by
Shva**



Designated payment system access entitles Fintech to a
code identifier

Israeli equivalent of a UK "sort code" or US "ABA routing number"

FinTech Connect 2024



"Payment Company" License

The "Israeli PSD2"

Enables access to designated payment systems

Combines E-Money Institution (EMI) and Payment Institution (PI) Capabilities

- Transfer funds
- Optional: Manage a balance for customers, held in a safeguarded account

Allows payment of interest to customers

Allows issuance of credit ancillary to payment

Lighter requirements for payment companies already licensed in EU, UK, USA

Licensing and regulation by Israel Securities Authority (ISA)

Vision

**In the coming years,
dozens of payment service
providers and hundreds
of new digital value
propositions in the Israel
payments market**



Join us!