

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

FinTech Connect 2024
London

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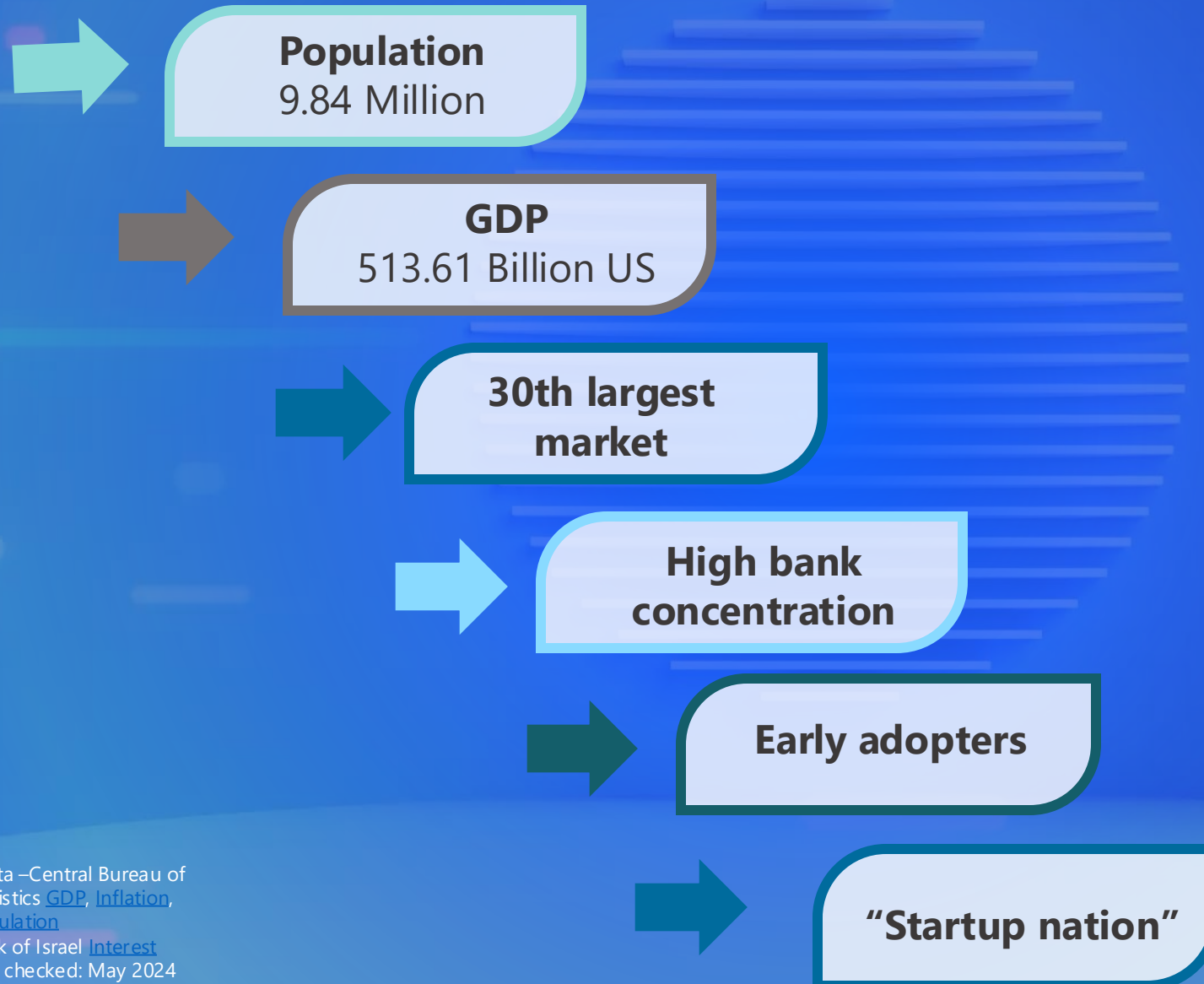
Member of Management
& Director of Payment Systems

Bank of Israel

5th December, 2024



Israel market snapshot



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
Insuretech
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



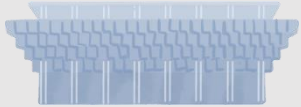
Payment initiation (part of open banking)



Open access to designated payment systems

Open access to designated payment systems

RTGS



**National ACH
Clearing House
operated by
Masav**



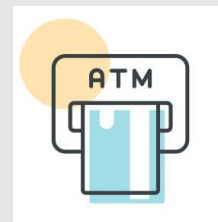
**Faster
Payments
System
operated by
Masav**



**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"

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"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!