

**BANK OF ISRAEL**

Office of the Spokesperson and Economic Information

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Press Release:

**Banking Supervision Department conference on “The New World of Financial Information”**

The Banking Supervision Department conference on “The New World of Financial Information”, being held today, deals with various aspects of financial information that has brought with it great news for the business world in general and for the financial world in particular, thanks to technological developments in the fields of information storage and information processing. These developments offer many benefits for the broad public.

**Governor of the Bank of Israel Prof. Amir Yaron** opened the conference by outlining the importance of the term “information” in economics, and presented the measures taken by the Bank of Israel to improve the flow of information in order to streamline the financial system and primarily to provide the public with control of the information regarding it. The Governor noted that information is the foundation of the financial world’s existence. Financial intermediation is partly intended to bridge the asymmetry of information between savers and borrowers, and to adjust the investment horizon between the parties. Moreover, technology creates new information bases for us, which in turn make it possible to develop new business models and improve already existing ones. Thus, information not only makes it possible to operate better on the existing financial plane, it also makes it possible in some instances to develop a new reality.

Later in his remarks, the Governor also discussed recent economic developments and how the wealth of information makes it possible for the Bank of Israel to develop new tools that help transfer power to the customer, and that commercial businesses and customers should use this to increase competition and innovation in the financial markets.

[For the Governor’s full remarks](https://www.boi.org.il/en/communication-and-publications/press-releases/governor-of-the-bank-of-israel-professor-amir-yaron-addressed-the-banking-supervision-department-s-2022-conference-on-the-effectiveness-of-information-in-a-changing-supervisory-environment/)

In his remarks, **Supervisor of Banks Yair Avidan** discussed “the effectiveness of information in a changing supervisory environment”, and noted that the world of information is without a doubt one of the main challenges for many companies and organizations, including for the financial and banking systems.

The Supervisor noted that technological innovation makes it possible for the financial system to integrate the information and the insights it provides into the day to day work processes and decision making, and thereby to obtain an up to date and reliable picture of the financial situation of the bank and of its customers. This picture makes it possible for banks to adapt strategy and business policy, and to provide better a response to customers.

The Supervisor emphasized that as the entity responsible for regulation of the banking system, the Banking Supervision Department is obligated to enable the increased use of information in order to promote and adopt new and advanced technologies, models, and methods. The aim of this is to increase the wellbeing of consumers and improve their situation. In addition, the Department has the heavy responsibility of supervising and making sure that this activity is conducted fairly, responsibly, and in an informed manner, including the necessary risk management.

[For the Supervisor’s full remarks](https://www.boi.org.il/en/communication-and-publications/press-releases/remarks-by-supervisor-of-banks-yair-avidan-on-the-effectiveness-of-information-in-a-changing-supervisory-environment/)

Daniel Hahiashvili, Deputy Supervisor of Banks and Head of the Banking Supervision Department’s Technology and Innovation Division, spoke with Ret. Gen. Prof. Isaac Ben-Israel, Head of the Yuval Ne’eman Workshop on Science, Technology, and Defense, Head of the Cyber Center at Tel Aviv University, and former Chairman of the Israel Space Agency, about artificial intelligence and banking, and how AI can lead to change in the world of banking. Prof. Ben-Israel noted that there are many challenges in developing AI, but a bank that knows how to deal with those challenges and to adopt innovative and groundbreaking processes will generate a considerable value for itself and for its customers. He added that the regulator’s role in this world is to set the boundaries, taking account of the existing risks, which will enable artificial intelligence to develop in Israel.

Col. G., Commander of the Information Arts Center of the IDF’s 8200 intelligence unit, explained about the existing challenges in responding to the need for information as part of the Intelligence Division’s tasks, which require precision in details and time, with direct implications for human life and national security. Col. G. noted that the main challenge in this regard is to exhaust a large amount of information in a variety of materials and to make it accessible in a way that is in line with operational needs. The heart of the solution to this challenge is based on the connection between man and machine. He presented the foundations of this infrastructure, and the professions and organizational culture that are necessary to meet the challenge, and added that the methods and technologies necessary for this have a tremendous potential for the business world as well.

The conference included a panel discussion on “The Personalization of Information”, led by Prof. Dan Amiram, Dean of the Faculty of Management at Tel Aviv University. The panel included Adv. Limor Shmerling Magazanik, Managing Director of the Israel Tech Policy Institute; Shlomi Cohen, Head of the Information and Analytics Department at Bank Hapoalim; Ofer Klausner, CISO at the Bank of Jerusalem; and Dorel Blitz, Vice President of Strategy and Business Development at Personetics. The panel participants discussed the business value to the customer and to the bank of the personalization of information, the limitations of the use of data and analytics in an era of accelerated digitization at large and small banks, and whether there are regulatory or other barriers in this field.

Other participants at the conference included:

Ms. Noa Granot, Head of the Data Management Unit in the Banking Supervision Department, and Moran Cohen, Head of the Banking Supervision Unit in the Bank of Israel’s Information Technology Department, discussed how the Banking Supervision Department leverages the information it gathers, which has become a main motivating factor in decision-making processes. In addition, they shared the challenges facing the regulator in the gathering and use of information, as well as ways of dealing with these challenges.

Mr. Oz Shenhav, Director of the Innovation and Policy Development Division at the Ministry of Justice’s Privacy Protection Authority, spoke about the price of privacy and noted that in the digital era, many aspects of our lives are changing such that in exchange for obtaining financial services, which may improve the quality of our lives, we give up some of our privacy, whether knowingly or unknowingly.

Shenhav added that privacy is a fundamental right of every person, which must be protected, and that we must not let basic rights be swallowed up by progress. We must maintain a balance between information gathering and processing, alongside encouragement of the use of advanced technologies, and maintaining the privacy of the users of those technologies.

Mr. David Bavli, Head of the Model Risk Management Unit in the Banking Supervision Department, noted that in a world saturated with information, the humanization of robots is no longer science fiction. The Banking Supervision Department, like the rest of the world, is working to set rules and norms that will encourage the responsible development of AI-based models in the banking system, with proper risk management to realize the values of Israeli society and the banking system’s customers.

Mr. Yossi Aibinder, Manager of the Bank of Israel website project in the Information Technology Department, and Hadar Gotsman, Head of Public Relations in the Bank of Israel’s Information and Statistics Department, presented innovations in making information accessible to the public on the Bank of Israel’s new website, which is expected to be launched toward the end of the year.