

BANK OF ISRAEL

Office of the Spokesperson and Economic Information

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**Opening the payments market to nonbank entities: Three nonbank entities have begun operating directly on the financial market payment transfer infrastructure**

The Bank of Israel announces a significant development in opening the Israeli payments market to additional participants. Three nonbank entities have begun operating directly in the core systems of the payments market. The opening of the market to nonbank entities is intended to expand access to advanced financial services, increase competition, improve the services offered to the general public, lower costs, and reduce dependence on the banking system.

The three entities that have joined the systems are:

* Grow Payments Ltd.
* Global Remit – Currency Services Ltd.
* Ofek Joint Credit Uniion Ltd.

These entities have started operating directly on the financial market infrastructure in order to provide various payment services to the Israeli public. In part, these entities are operating on the ZAHAV (RTGS) infrastructure, which is the final clearinghouse in the economy, and which is operated by the Bank of Israel; the payment cards infrastructure operated by Automatic Bank Services Ltd. (SHVA); and the Credits, Debits, and Fast Payments infrastructure operated by the Bank Settlement Center Ltd. (MASAV).

The projects connecting these nonbank entities to the ZAHAV system operated by the Bank of Israel, as well as those connecting the to the systems operated by SHVA and MASAV, are the results of a complex process the followed a series of steps led by the Bank of Israel. They included adjustments at the business, legal, and technological levels, preparing the appropriate infrastructure, and developing the necessary tools to enable the entities to integrate into the systems in a stable and efficient manner.

In recent years, the Bank of Israel has taken many actions to encourage competition in the payments market, while maintaining the stability and efficiency of the financial market infrastructures. These measures have included the publication of an access guide with the aim of showing nonbank entities the various steps in the connection process; providing step-by-step guidance from the request to obtain access until the completion of the process and launch of the connection; publication of the process of joining the ZAHAV system, including the conditions, requirements, and fees for the system; opening settlement accounts in the ZAHAV system for nonbank entities; issuing an identification code (previously known as a bank code) to nonbank entities that are advancing in the process, and more. All of this was done through synchronization of the processes with the entities’ regulators, and while providing response to the entities’ unique needs and various issues that arose.

Oded Salomy, Director of the Bank of Israel’s Payment and Settlement Systems Department, said: “The connection of diverse participants to the payment systems is a very important step, since these entities have the potential to develop advanced and innovative payment solutions, increase competition in the financial market, and streamline business processes and services to benefit consumers and merchants.”