The Willingness of the Public to Adopt a Digital Shekel

Research Conclusions Report

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Bank of Israel - The Bank of Israel Steering Committee on the Potential of a Digital Shekel Issuance

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Executive Summary

This research examined the willingness of the Israeli public to adopt a digital shekel[1] by means of an online survey among a representative sample of the population. The survey assessed public attitudes towards a digital shekel and the features that might increase the public's willingness to use it. The study included various statistical analyses to identify differences in the level of willingness based on various personal characteristics: demographics, financial and digital literacy, and level of trust in various systems, including the Bank of Israel. The survey was divided into three parts: a pilot survey – designed to examine whether the presentation of a digital shekel within the survey was indeed clear and understandable to the respondents; and the survey itself which was split into two questionnaires: the first focused on collecting personal characteristics, while the second focused on examining the respondents' preferences regarding the features of a digital shekel. The split was designed to prevent the influence of questions about financial/technological literacy on responses about a digital shekel, to reduce the burden on the respondent and to ensure that the length of the questionnaire would facilitate a high level of concentration. The preferences regarding features were examined both directly and using conjoint analysis. Following are the main findings:

General interest in a digital shekel

Over half of the respondents (51%) showed a high level of interest in using a digital shekel, with 34% of the public expressing particularly high interest (8-10 on a scale of 1-10), and 17% expressing moderately high interest (6-7). This finding indicates a high feasibility of digital shekel adoption by the Israeli public.

Features of a digital shekel that may enhance its use

In the open-ended questions, the most prominent advantages of a digital shekel mentioned by the sample participants are all related to its convenience: easy to use, accessible, and saves the hassle of handling cash. Other prominent features are consumer protection against fraud and system errors, the backing of the currency provided by the Bank of Israel, and its innovative nature. Conversely, the main concerns raised by the sample participants were cyber risk and information security, difficulty in use and lack of accessibility for certain populations. Unlike the findings in some other countries, invasion of privacy did not emerge as one of the dominant concerns. In the next stage, which consisted of closed questions, participants were presented with a series of possible features of a digital shekel, some of them innovative and not mentioned by the respondents in the open questions. Of the features presented at this stage, two were identified as contributing significantly to the willingness to use a digital shekel: protection against fraud and system errors, and the possibility of earning interest. The following features were identified in descending order: absence of fees for basic transactions, the possibility to pay a variety of entities, the possibility of offline use, the possibility of making smart payments, immediate debiting of the wallet upon payment, the fact that the

[1] Digital currency of the Bank of Israel (Central Bank Digital Currency - CBDC). This is a digital means of payment that constitutes a liability of the central bank towards the holder. The Bank of Israel has not yet made a decision on issuing such a digital currency."

Bank of Israel will not be able to see information on balances and transactions in a digital shekel, and no limits on the amount of digital shekels held.

The features of a digital shekel were also examined through conjoint analysis, in which users were presented with a number of scenarios, each of which included a different combination of features. The features were varied between scenarios were the following: protection against fraud and system errors (free or paid for), maximum amount to be held in digital shekels (10,000 shekels or 50,000 shekels) and the possibility of earning interest on the balance (either at 3.5% or no interest). The conjoint analysis also showed that the two most important features to the public are free protection against fraud and system errors, and earning interest on the balance. A less important feature is the size of the holding limit.

Personal characteristics that may affect the willingness to adopt a digital shekel

A high level of interest in a digital shekel was identified among men relative to women. Interest in a digital shekel increases with age and with income level. Education level was not found to be an influencing factor. It was also found that the level of interest in the ultra-Orthodox sector is lower than in the rest of the population, while the highest level was identified among the secular population. Other significant contributors to the level of interest in a digital shekel were high financial and digital literacy, self-perception as tech-savvy, ownership of cryptocurrencies, and risk-seeking. A high level of trust in the Bank of Israel also contributes to interest in a digital shekel.

General familiarity with CBDCs or a digital shekel correlates with higher interest in a digital shekel compared to those who heard about it for the first time in the survey. However, those who declared having a greater amount of knowledge about the topic were found to be less inclined to adopt a digital shekel than those who knew about the topic only in general terms. Due to the mixed results, the impact of this variable is not clear. Most of the research findings are similar to those of studies conducted by other central banks. However, two main differences were found. The first relates to the issue of privacy: in Israel, relatively low importance was attributed to this issue, while in some foreign studies, the issue of privacy was found to be central. The second difference relates to age: in Israel, willingness to adopt increases with age, especially above the age of 40, while in some studies by other central banks willingness was more prominent among the younger population.

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1. Introduction

1.1 The digital shekel project

The Bank of Israel, like most central banks, is exploring the issuance of a retail digital shekel as a payment instrument that would constitute a liability of the central bank towards its holder, and would serve as legal tender in the digital realm. Although no decision has been made regarding its issuance yet, the Bank of Israel like leading central banks around the world has decided to prepare a contingency plan, which could be implemented in the future, should it be decided to issue a digital shekel. As part of the plan, the Bank of Israel created a steering committee for the potential issuance of a digital shekel.[2]

As of now, and in accordance with the contingency plan and the steering committee's decisions, the features, nature, and design of a digital shekel are expected to include, among other things, the following:[3]

- The distribution of a digital shekel will be carried out in a two-tier model, where the central bank issues a digital shekel and settles the payments made with it, but all end-user services will be provided by private sector entities, known as Digital Shekel Payment Service Providers (DS-PSPs) or in short "PSPs." These entities will only provide service and will not hold the customers' digital shekels, which will appear as a liability on the balance sheet of the Bank of Israel only.. The system will support immediate and final payments and loading and unloading of wallets at any time.
- The system will be able to support the implementation and enforcement of limits, such as those on the balance that a user can hold.
- The system will support the possibility of paying interest on a digital shekel if such a decision is made.
- The use of a digital shekel will be possible offline.
- The central bank will not have access to identifiable personal information about the balances and transactions in the end-users' wallets. This information will be stored by the PSP. In addition, different levels of customer privacy vis-à-vis the PSP will be defined according to the type of user (private, business, etc.), type of transaction, etc.
- The Bank of Israel will be the sole authority responsible for the issuance and redemption of a digital shekel and for managing and operating the system (directly or through its agents).
- A digital shekel will be distributed to end-users indirectly. It will be issued and redeemed in the wallets of institutions managing public current accounts (hereinafter: Funding Institutions - FIs) such

[2] Bank of Israel, Digital Shekel (CBDC), https://www.boi.org.il/en/economic-roles/payment-systems/future-payment-methods/digital-shekel-cbdc/
[3] Yoav Soffer, “Initial characterization of a digital shekel system”, Bank of Israel. (forthcoming)

as commercial banks, the postal bank, payment companies, etc. From there, it will be distributed to the public's wallets against their existing current accounts at the FIs and against cash.

The bank is conducting pilots to prove feasibility in various domains and engaging in continuous dialogue with stakeholders such as government bodies, the financial industry, academia, and various organizations that represent potential end-users. The survey published here is the first conducted within the framework of the project, and is intended to examine the potential acceptance of a digital shekel among the private end-user population (individuals and households).

1.2 Other central banks' retail CBDC initiatives

Initiatives to develop digital currencies (CBDCs) are being examined in many countries around the world. As of June 2024, 134 central banks, representing around 98% of global GDP, are at some stage of exploring the possibility of issuing a CBDC.4 68 of them are at advanced stages of research and development, proof of feasibility, or pilot projects, and three have already issued a CBDC (Bahamas, Nigeria, and Jamaica). The Digital Euro project is in the realisation phase, which will last until the end of 2025. China operates the largest CBDC pilot, with other large developing countries like India and Russia at similar stages. All central banks developing retail CBDCs declare that it will be operated on the basis of a two-tier model, where the CBDC is issued by the central bank but distributed and operated for the public by intermediaries such as banks, financial institutions, and payment service providers (PSPs). The vast majority of central banks do not intend to pay interest on their CBDC. The motivations for issuing a CBDC in different countries are varied and mainly include:5

- Creating a digital alternative to cash issued by the central bank.
- Improving the payment system while creating infrastructure that supports technological innovation in the digital economy.
- An efficient, cheap, fast, and transparent infrastructure for cross-border transfers.
- Increasing competition in the payment market.
- Enhancing privacy in payments relative to the current digital payment systems.
- Preserving and improving stability, transmission, and monetary independence in an era of digital money (crypto and other countries' CBDCs).
- Financial inclusion for the unbanked and those excluded from the current financial system.
- Increasing the redundancy of the payment system in the economy by adding additional payment infrastructure, including offline digital payments.

However, the motivations for issuing the CBDC may vary according to the country's characteristics (Di Iorio et al., 2024). For example, in developing countries, there is a greater emphasis on financial

[4] Atlantic Council: Central Bank Digital Currency Tracker, https://www.atlanticcouncil.org/cbdctracker
[5] The BIS publishes surveys of CBDC developments in various countries. See, for example, Di Iorio et al., 2024.

inclusion for those excluded from the current financial system and the possibility of cheap, transparent, and fast cross-border transfers.

1.3 Surveys carried out by other central banks

Dedicated surveys have been conducted in a number of countries in order to gauge the willingness of the public (individuals and households) to use a central bank digital currency (CBDC). Some of these surveys directly addressed CBDCs, while others examined the public's attitude towards digital payment methods in general. Additionally, some surveys looked at the public's attitude towards CBDCs in a general sense, while others focused on specific issues such as privacy. A variety of research methodologies were used in these surveys. A comparison of the results of these surveys to the results of the current study is included in Chapter 4.[6]

1.4 The research Objectives

We believe that examining the public's attitudes by means of research surveys, particularly in conjunction with experimental tools, is an important step in the CBDC development process. Several other central banks have already conducted such surveys.

In the case of a survey conducted among the target population (general population of Israel) with regard to a product that most respondents are encountering for the first time, the ability to predict behavior is not high and also depends on how the questions are presented. However, the approach of Evidence-Based Policy attributes high value to the design of policies based on the use of a variety of research tools and the examination of public preferences. The results of survey research conducted in other countries do not necessarily indicate the feasibility of adoption by the Israeli public, which has its own unique characteristics. Furthermore, in order to ensure the successful adoption of a digital shekel to as great an extent as possible, it is important to "go out into the field" and examine the positions of future stakeholders in a digital shekel.

This research was planned accordingly, with the goal of assessing the readiness of the public in Israel to use a digital shekel and gaining an understanding of which features might enhance its adoption. The research is intended to provide the Bank of Israel with precise and up-to-date empirical insights, reflecting public attitudes towards a digital shekel.

The research focuses on the retail sector, i.e., individuals and households. The positions of businesses and public institutions may be examined in a separate survey.

The main motivations of the current survey were to examine the following issues in the context of Israel:

[6] To complete the picture, it should be noted that there are also theoretical studies that try to estimate the willingness of the public to use CBDCs.

(a) Identifying the feasibility of adopting a digital shekel among various populations based on personal characteristics, such as demographics, levels of financial and digital literacy, and the level of trust in the Bank of Israel relative to trust in other entities and institutions;
(b) Identifying the features of a digital shekel that are important to end-users and to whom of them. This data can be used to prioritize certain features in the development and design of the digital shekel. The features examined can be technical features, features affecting the user experience, and other features such as consumer protection, privacy protection, information security, etc.;
(c) A general assessment of which payment methods a digital shekel might replace and to what extent;
(d) To assess the impact of certain features on the perception of a digital shekel as a store of value, with the goal of forming an initial assessment of the risk of bank disintermediation;
(e) To assess public perceptions and sentiment towards acceptance of a digital shekel;

The current study also includes a survey using conjoint analysis, which does not merely measure public attitudes and perceptions towards a digital shekel but also examines the relationships between various parameters in the currency's design and the willingness to use it. Furthermore, the study explores the relationship between different preferences regarding a digital shekel and the various design options, with respect to various sociodemographic characteristics (for further details on the research methodology, see Chapter 2).

2. Methodology

2.1 General

In order to examine the research questions, we adopted the methodology of an online survey among a representative sample of the Israeli public. The survey was designed to combine observational methodology, which measures public attitudes towards a digital shekel and the demographic characteristics and financial behavior of the respondents, with experimental methodology, which makes it possible to examine the impact of various factors in the design of a digital shekel on the public's willingness to use it—beyond merely the stated preferences of the respondents. The study also included a survey that makes use of conjoint analysis, which facilitates a deep understanding of the public's preferences for complex products and services by evaluating the relative importance of each feature in the design of a digital shekel in the eyes of the public. The main advantage of this methodology is its ability to provide clear and focused insights into what will enhance the public's willingness to use a digital shekel, and which combinations of digital shekel features are most preferred.

2.2 The structure of the research and the sampling method

The study is divided into three separate parts: pilot, first questionnaire, and second questionnaire (Figure 1). The purpose of the pilot was to ensure that the way we are describing a digital shekel is clear and understandable to respondents. The survey itself is divided into two separate questionnaires with the aim of reducing the burden on respondents and ensuring that the length of the questionnaire allows for a high level of concentration among the respondents, as well as to prevent the influence of demographic characteristics and financial literacy levels on the responses related to the adoption of a digital shekel. Each of the two questionnaires was split into two phases with a gap of about two weeks between them, in order to neutralize the influence of an external event on the economic mood and the research outcomes, especially in light of the state of war.

The method used is online panel sampling. Panel sampling allows access to a large and diverse group of participants that is representative of the general population. The participants in the panel sampling are members of a stable group managed by the survey institute, which is requested to participate in various surveys over time. To ensure accurate representation of the population, we applied quotas for certain demographic variables such as gender and age. The use of quotas allowed us to maintain a balance between different groups in the population and ensure that the findings are relevant and representative of the public in Israel.

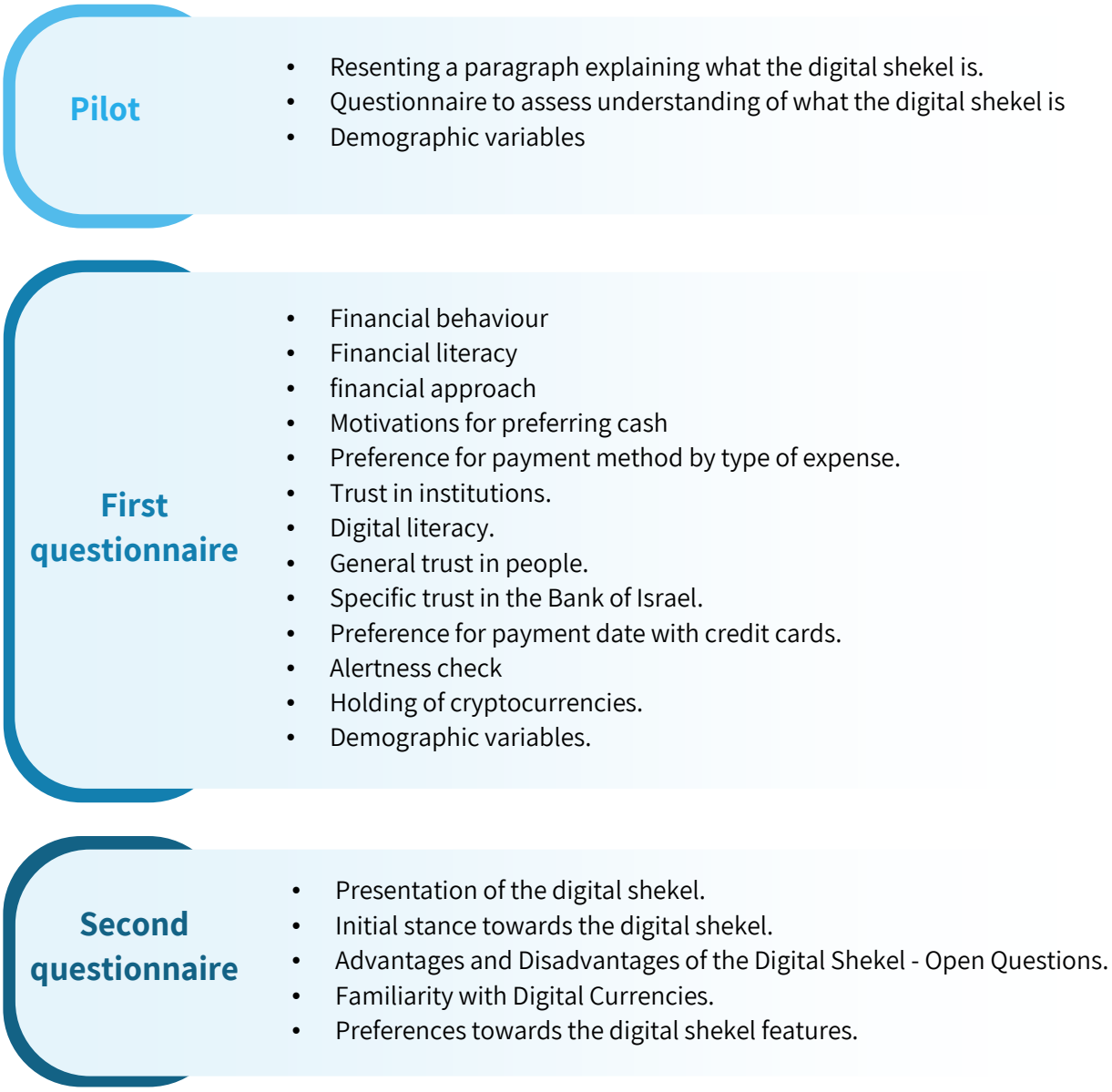
The survey was conducted through the survey institute **"Rushinek—Market Research Institute"**. The three parts of the study were distributed among a representative sample of the Israeli population, with the aim of

generalizing the survey findings to Israeli society as a whole. 504 respondents participated in the pilot. The first questionnaire was answered by 1,090 respondents, and the second by 975 respondents (i.e., 115 respondents dropped out).

The group of respondents constitutes a random national sample, representative of the Israeli population aged 18–70 who are connected to the internet. The random sampling led to under-sampling in a number of target audiences, especially Arabs. To reach a representative sample, reweighting was performed – by doubling the responses of the 115 respondents from the under-sampled group. The pilot was conducted in February 2024, and the first and second questionnaires were conducted in April and May 2024, respectively. Respondents in the pilot were excluded from the samples of the first and second questionnaires.

For descriptive statistics of the study population, see Appendix A

Figure 1: The structure of the research



2.3 The pilot

In the pilot questionnaire, we presented respondents with a short paragraph explaining what a digital shekel is, and we then asked several comprehension questions to assess the effectiveness of the text in conveying the main messages. Since the pilot results showed a high level of understanding, there was no need to change the paragraph. Following is the text of the paragraph:[7]

"The Bank of Israel issues cash in the form of banknotes and coins. The Bank of Israel is currently considering the issue of a "digital shekel" as well. one digital shekel will always equal one new shekel. For example, 100 digital shekels will be equivalent to a 100- NIS note. A digital shekel is essentially like any other money. You can decide whether to use it and when. You can use it to make purchases in a store or online, transfer it to other people or receive it from them.
You can also use it to make payments to government authorities, make international payments, receive payments from the state, and even receive your salary in digital shekels. You can hold and use a digital shekel through a special app that is free to download. Although there is already digital money in Israeli bank accounts, and in recent years it has been possible to make payments through apps like Bit or Paybox, the difference is that a digital shekel will be money issued by the Bank of Israel and backed by it, and you will hold it separately from your bank account (similar to cash that can be held at your physical wallet today)."

2.4 The questionnaires

First questionnaire

In the first questionnaire, we focused on collecting information about the respondents which could later be used as explanatory variables to estimate preferences regarding a digital shekel. We collected the following demographic information: age, gender, income level, education, and sector. We also included questions about the respondents' preferences in payment methods, motivations for preferring cash, digital literacy, and trust in the Bank of Israel, financial institutions, and in general. The questions were formulated in a similar manner to previous surveys conducted for the Bank of Israel where applicable, or to previous academic studies.

Second questionnaire

The second questionnaire focused on the digital shekel. It was distributed to the same sample as the first questionnaire, so that the characteristics of the respondents were already known. A paragraph appeared at the beginning of the questionnaire explaining the nature of a digital shekel, followed immediately by an assessment of the respondents' initial attitude towards it. This involved asking them to rate their inclination

7

to use a digital shekel: "*In principle, to what extent would you be interested in using a digital shekel?*" Respondents were asked to respond on a scale of 1 to 10.

Following this, respondents were asked to specify their concerns about using a digital shekel (an open question), and those who expressed a high level of interest in its use in the previous question were also asked to specify the advantages they saw in using a digital shekel (an open question). The open questions were asked before the rest of the questionnaire in order to ensure that the respondents' opinions about a digital shekel were being reported without bias or influence.

Subsequent questions asked about prior familiarity with central bank digital currencies in general and a digital shekel specifically. Respondents were then given a list of features of a digital shekel and were asked to rank the most important of them in their opinion (a closed list). The list of features included the following:

1. The ability to use a digital shekel for payments in businesses, online payments, payment of bills, and transfers to other individuals.
2. Payments are deducted from one's balance immediately.
3. A digital shekel enables "smart" payments, such as executing payments only under specific conditions (e.g., a package reaching its destination, transfer of ownership of a digital asset, etc.).
4. Protection against fraud and system errors.
5. The ability to use a digital shekel even without an internet connection.
6. Basic activities (such as opening a wallet, making and receiving simple payments, etc.) will involve no fees or other costs.
7. You can earn 3.5% interest on your balance of digital shekels.[8]
8. There will be no limit on the amount you can hold in digital shekels.
9. Although the money is issued and managed by the Bank of Israel, it will not have the ability to know how much money you have or where you spend it.

At the end of the second questionnaire, a conjoint analysis was included, as described below.

2.5 Conjoint analysis

At the end of the second questionnaire, we conducted a conjoint study in which respondents were randomly presented with four different possible combinations of digital shekel features. The conjoint method is a statistical technique used in market research to understand consumer preferences by breaking a product or service down into its basic components and evaluating how each component influences the consumer. This methodology enables researchers to explore the relative importance of different features and participants' preferences for various combinations of product attributes.

[8] This rate was selected according to the interest rate in the market at the time of the survey. It does not imply that the Bank of Israel will pay interest on a digital shekel at that rate or any interest at all.

Using this method in fields such as economics, decision making, and the behavioral sciences allows for the decoding of complex consumer preferences for products and the evaluation of the significance of each component individually. It also enables the prediction of future consumer choices based on the collected data. The use of this method is relatively innovative in studies conducted by central banks, and to the best of our knowledge, it has only been applied in research to determine consumer preferences for privacy protection features in CBDCs (Choi et al., 2023).[9] Presenting the features as combinations, i.e., as a bundle of attributes, not only makes it possible to gauge the importance of each individual feature but also helps determine the optimal combination of features.

The following features were constant across all combinations:

1. You can use a digital shekel to pay at points of sale, to pay online, to pay bills, and to transfer value to others.
2. Basic activities (opening a wallet, making and receiving simple payments, etc.) will not involve any fees or other costs.
3. Payments will be deducted from your balance immediately.
4. You can use a digital shekel even without an internet connection.
5. Although the money is issued and managed by the Bank of Israel, it will not have the ability to know how much money you have or where you spend it.

The following features were randomly presented to respondents:

1. User protection against fraud and system errors will be free/paid for.
2. The maximum amount you can hold in digital shekels: NIS 10,000 or NIS 50,000.
3. Interest on your balance: 3.5% or no interest.

For each such combination, respondents were asked the following: "Suppose a digital shekel has the following features (as per one of the eight scenarios presented to the participant). In such a case, to what extent would you be interested in using it?" The possible responses included a rating from 1–10 for level of interest, or "11 – don't know/not relevant." Each participant was presented with four scenarios, while the variable was marked as N/A for scenarios not shown to the specific respondent but which were part of the eight base scenarios.[10]

[9] See Chapter 4.2.

[10] Each individual was assigned a unique identifier, and each row in the panel was also assigned an identifier corresponding to a specific question from the eight questions in the second survey. This setup enabled us to track the responses and changes for each individual over time and across different questions. In the initial stage, conjoint analyses were conducted to determine the contribution levels of the selected variables in this context. Following this, a regression analysis was performed to examine the influence of additional variables derived from the first survey. The regression analysis utilized a fixed-effects model, allowing for certain variables to be fixed across different questions. This approach provided a more accurate analysis of the factors influencing contribution decisions.

2.6 Data Analysis

We analyzed the research results using various methods, including text analysis in the case of the open questions and descriptive statistics in the case of the closed questions. In order to test for statistical significance, we used a number of complementary approaches, including t-tests and analytic and logistic regressions, as described in Chapter 3.

Appendix B presents a description and coding of the explanatory variables for the purpose of the analysis (Table 1) and the correlations between them (Table 2).

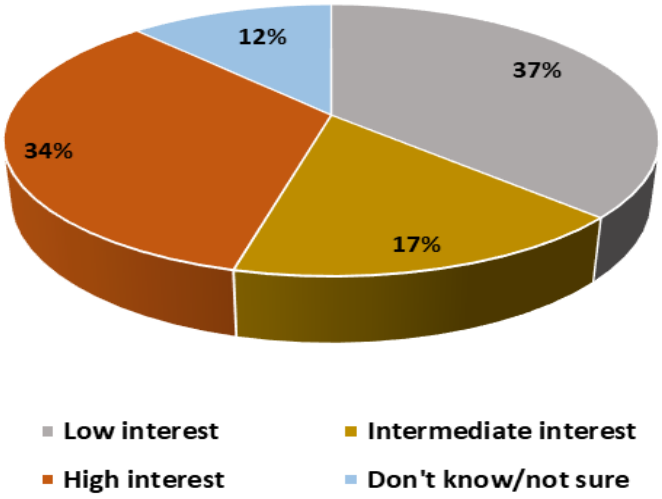
3. The research findings – The contribution of various factors to the adoption of a digital shekel

3.1 General willingness to adopt a digital shekel in Israel

The study indicates that there is a high willingness among the Israeli public to adopt the digital shekel. In response to the question "To what extent would you be interested in using the digital shekel?", approximately 34% of the public expressed very high interest (8–10 on a scale of 1–10), around 17% expressed a moderately high interest (6–7), and about 37% expressed low interest (1–5). Additionally, 12% of respondents stated that they did not know or were unsure.

Figure 1: Distribution of responses, in percentages of the total sample

Response to the question, "To what extent would you be interested in using a digital shekel?"

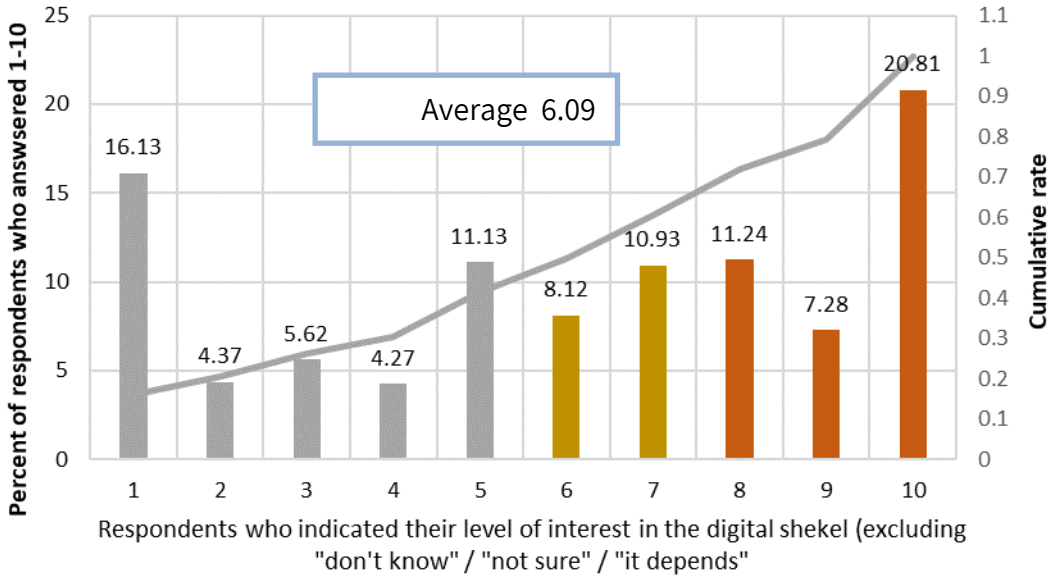


To simplify the analysis of the survey findings, we chose to divide respondents who expressed any interest in a digital shekel according to two levels: high interest and low interest. This division was based on the average level of interest in a digital shekel (among those who expressed any interest in using it), which was 6.09 (Figure 2).

Figure 2: The distribution of responses by respondents who expressed any interest in using a digital shekel, in percentages

Response to the question: “To what extent would you be interested in using a digital shekel?”

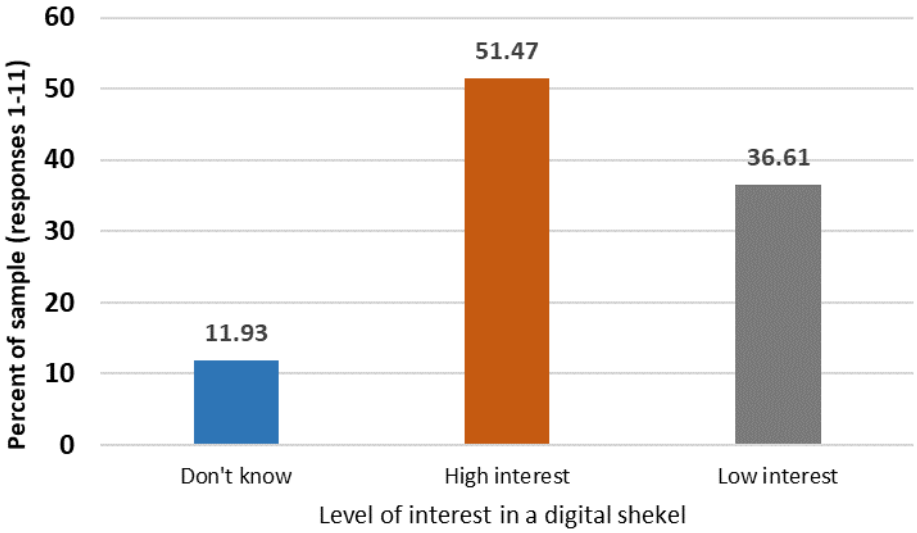
(1 being the lowest interest, and 10 being the highest interest)



Accordingly, respondents who expressed above-average interest (a score of 7-10) were classified as "high interest"; respondents who expressed below-average interest (a score of 1-6) were classified as "low interest"; and respondents who were unable to determine to what extent they would adopt a digital shekel were classified as "undecided." Based on this segmentation, 51.47% of all respondents expressed high interest in adopting a digital shekel (Figure 3). In the following chapters, we will characterize the findings according to this division.

Figure 3: Distribution of levels of interest in using a digital shekel, in percentages of the total sample

Response to the question: “To what extent would you be interested in using a digital shekel?” (according to high/low interest)



3.2 Features of the digital shekel that are likely to influence its adoption – a general examination of the features

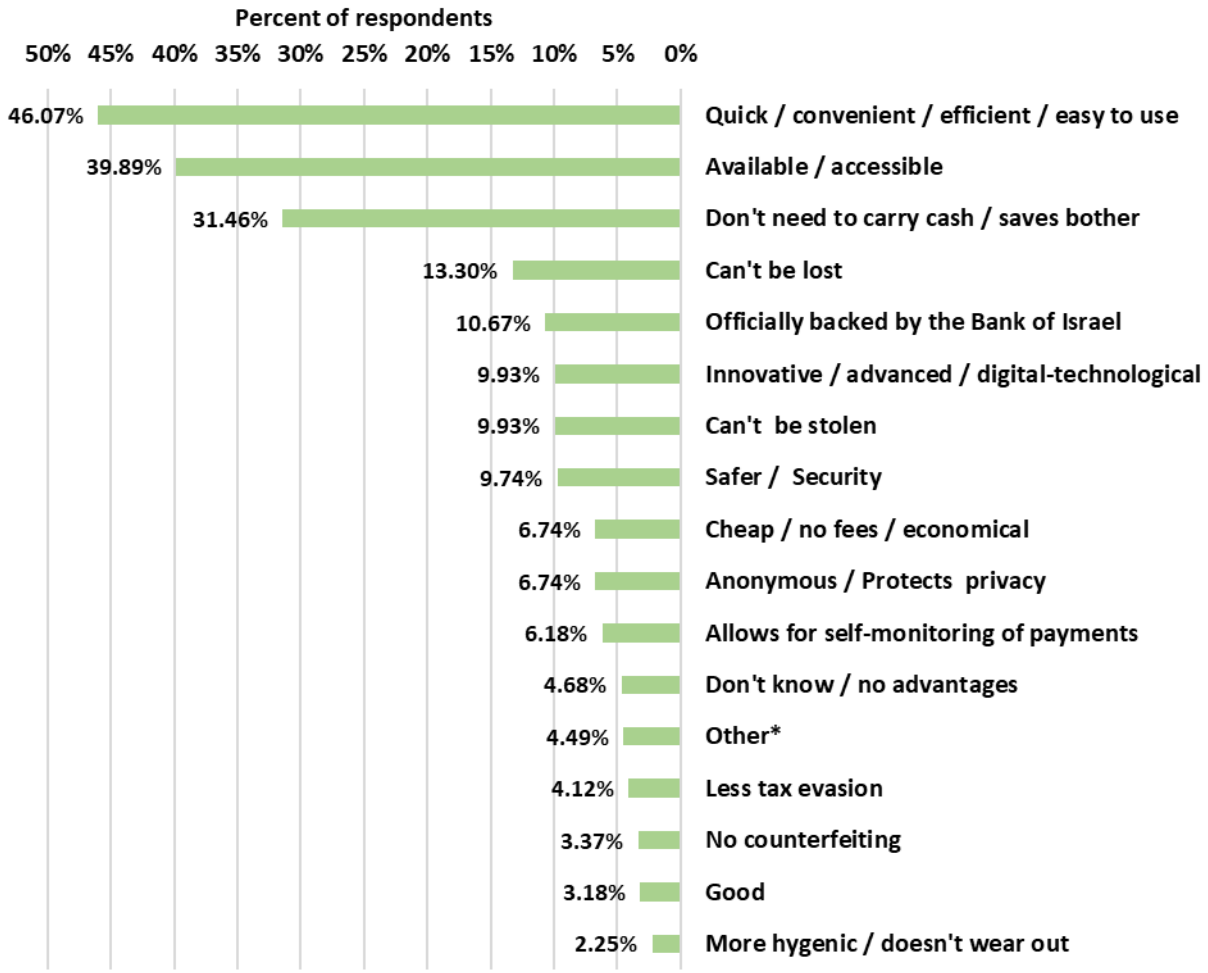
In order to examine the public’s preferences with regard to features of the digital shekel, as opposed to a general willingness to adopt it, respondents were given open-ended questions about the advantages and disadvantages of using a digital shekel. Text analysis[11] of the responses to the open-ended question "What, in your opinion, are the advantages of using a digital shekel?" revealed common words and phrases which indicate the main advantages perceived by potential users of the currency. Among those expressing high interest in using the currency, terms such as "convenient," "available," "easy to use," "safe," and "serves as a substitute for physical cash"[12] were prevalent. Less frequently, respondents attributed importance to the fact that the money cannot be lost, that the currency is backed by the Bank of Israel, and that it is innovative.

Analysis of the possible reasons for opposition to using a digital shekel, among all respondents in the sample, reveals that "lack of security"[13] and lack/difficulty of accessibility of the currency are the most common reasons. Concerns about a digital shekel's unsuitability for certain populations and the lack of need for an additional means of payment in the economy were also mentioned, though less frequently. Similar findings

[11] Using the method of frequency of the most common terms.
[12] Out of 4,169 words appearing in the answers, the word “convenient” appeared 144 times, “available” appeared 94 times, “accessible” appeared 40 times, “cash” appeared 96 times, “secure” appeared 37 times, “Bank of Israel” appeared 19 times, “digital” appeared 19 times and “innovative” appeared 10 times.
[13] This term was sometimes used not in a specific context and sometimes in a context such as cyber security, fraud and system errors.

were obtained in qualitative analysis based on the number of respondents (Figure 4 and Figure 5). The attributes of anonymity and privacy protection were not mentioned frequently.

Figure 4: Public perceptions regarding the advantages and disadvantages of using a digital shekel – advantages (percentage of respondents who chose the feature)[14]



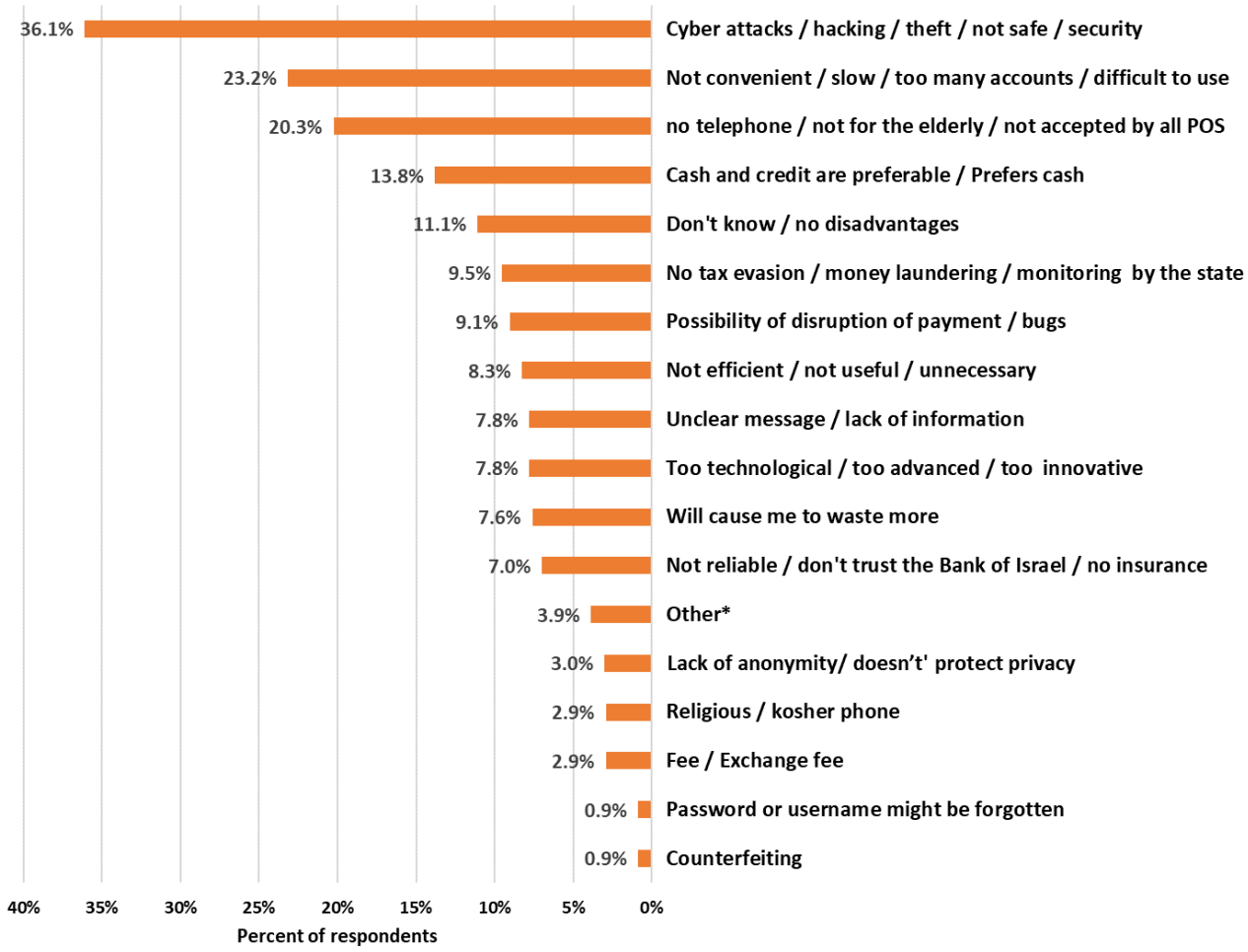
Response to the question: “What do you see as the advantages of using a digital shekel? Try to elaborate as much as possible”

Response to the question: “What do you see as the advantages of using a digital shekel? Try to elaborate as much as possible”

[14] The percentages total 300 percent because each user selected three features.

Figure 5: The public's perception regarding the advantages and disadvantages of using a digital shekel – disadvantages (percentage of respondents who chose the feature)[15]

Answer to the question: "What do you consider to be the disadvantages of using a digital shekel? What are you concerned about or have doubts about?"



3.3 Preferences regarding digital shekel features

After a digital shekel was described to the respondents in general terms, a number of potential features were presented, and respondents were asked to select the three most important ones in their opinion. Figure 6 presents the percentage of respondents that selected each feature.[16]

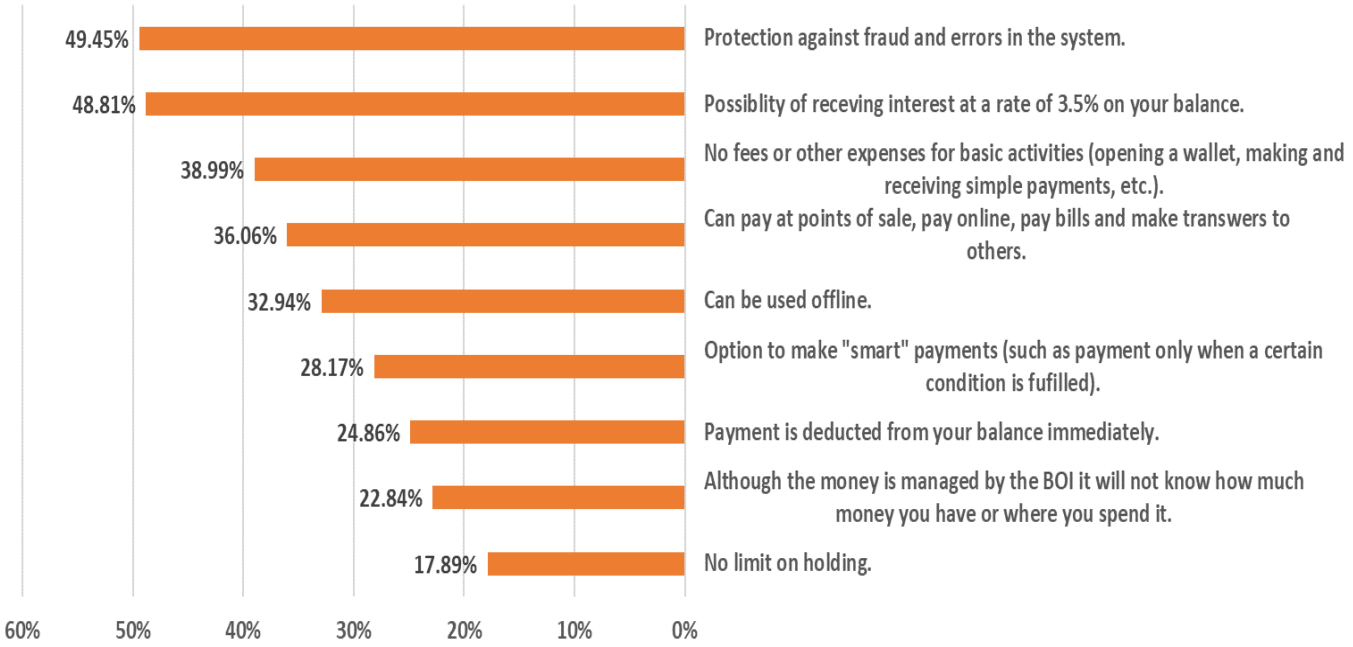
The two features identified as most important to respondents were protection against fraud and errors (49.5%) and receiving an interest rate of 3.5% (48.8%). Another interesting finding is that confidentiality with respect to the Bank of Israel was not among the most important features of a digital shekel ("Even though the money is issued and managed by the Bank of Israel, it will not have the ability to know how much money

[15] The percentages total 300 percent because each user selected three features.
[16] The numbers sum up to 300% because each user selected three features.

you hold or where you spend it")—only 22.8% of respondents considered this feature important. The respondents also showed interest in innovative features that were not available in payment methods in Israel at the time of the survey and were not mentioned at the initiative of the respondents at the beginning of the survey, such as offline use without an internet connection (33%) and smart payments (28%).

Figure 6: The importance of various features of a digital shekel (percentage of respondents who chose the feature)[17]

Response to the question: "The digital shekel will have a number of features. Indicate which you think are the three most important."



3.4 An examination of the preferences for digital shekel features using conjoint analysis

As explained in Chapter 2, in the next stage of the survey the respondents were presented with alternative scenarios, each including a different set of digital shekel features. The three features that varied across the scenarios were the following:

User protection against fraud and system errors, which could be either free or paid for.

The maximum amount that can be held in digital shekels would be either NIS 10,000 or NIS 50,000.

The ability to earn interest on a digital shekel balance at a rate of 3.5% or no interest at all.

[17] The percentages total 300 percent because each user selected three features.

The results of the t-tests conducted on the conjoint analysis variables indicate, as expected, that the greatest willingness to adopt a digital shekel was found when the following features were combined: free protection against fraud and errors, the ability to earn interest at a rate of 3.5%, and the higher maximum holding limit (NIS 50,000 rather than NIS 10,000). This finding confirms that respondents understood the features of a digital shekel. Among the three features, the factors that contributed most to willingness to adopt were the ability to earn interest and protection against fraud and errors. The holding limit had a lesser impact (see Appendix C).

To complete the picture, we also conducted an examination using a logit model in order to estimate the probability of adoption with a high level of interest (responses 7-10) (see Appendix D). The results did not contradict those obtained in the t-test analysis.

3.5 The impact of personal characteristics on the level of Digital Shekel adoption

We attempted to identify sociodemographic characteristics and other personal variables that are correlated with or explain the level of adoption of a digital shekel. Recall that the segmentation of responses to the question, “To what extent would you be interested in using a digital shekel?” is as follows: "high interest" reflects responses above the sample mean of 6.09 (on a scale of 1-10), "low interest" reflects responses below the sample mean, and "don’t know" responses were classified separately. Based on this segmentation, the following findings emerge regarding the personal characteristics that impact the level of interest in a digital shekel.[18]

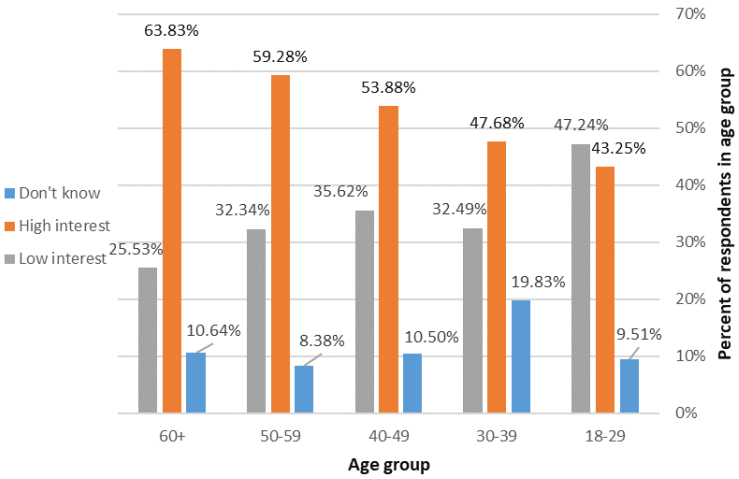
[18] Statistical significance was tested in the next stage using a multivariate regression that takes into account the partial contribution of each variable to the adoption of a digital shekel rather than the contribution of each variable separately.

3.5.1 Sociodemographic factors

Age: The tendency to use a digital shekel increases with age (Figure 7). In particular, we found that respondents in the age group of 40+ showed a high level of interest in a digital shekel.

Figure 7: Interest in a digital shekel by age group

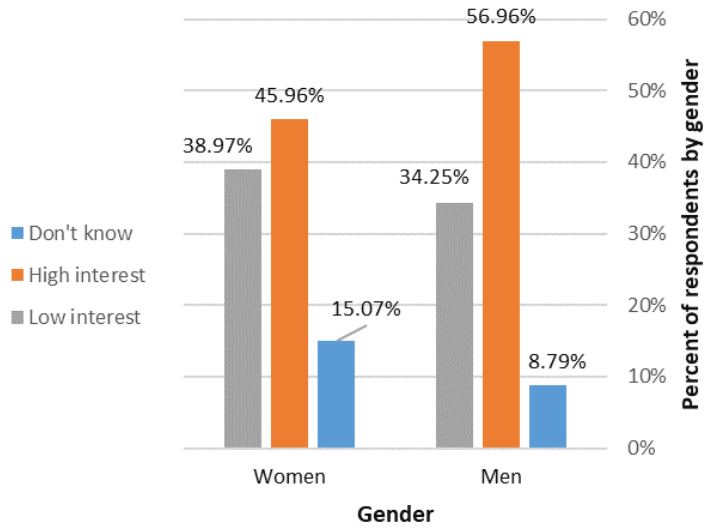
Response to the question: "To what extent would you be interested in using a digital shekel?"



Gender: Higher interest was identified among men (57%) relative to women (46%) (Figure 8)

Figure 8: Interest in a digital shekel by gender

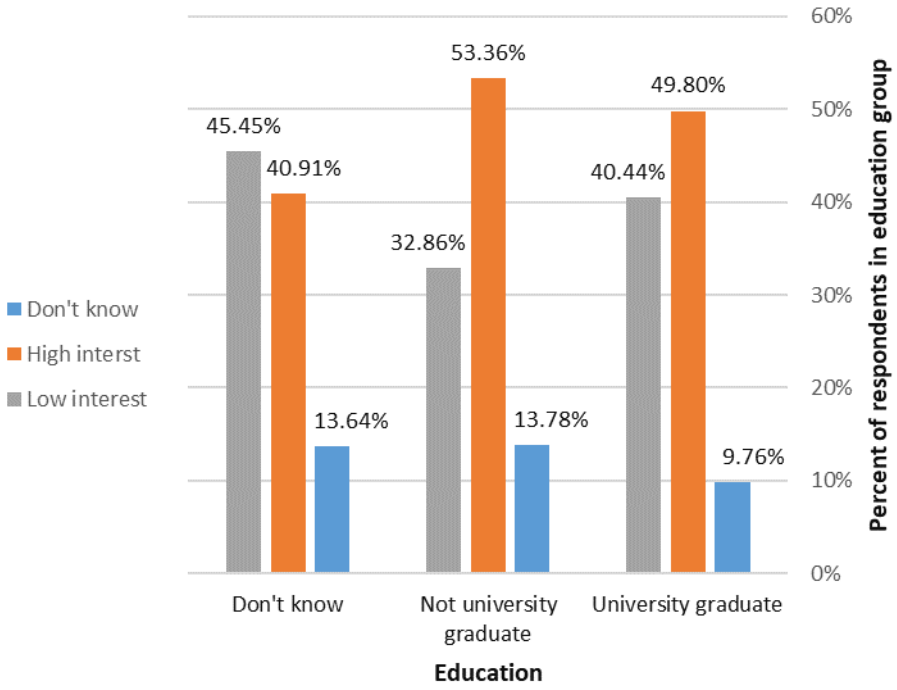
Response to the question: "To what extent would you be interested in using a digital shekel?"



Education: The highest level of interest was identified in the group "non-university-graduates" (53.36%) relative to "university graduates" (49.8%) (Figure 9).

Figure 9: Interest in a digital shekel by education level

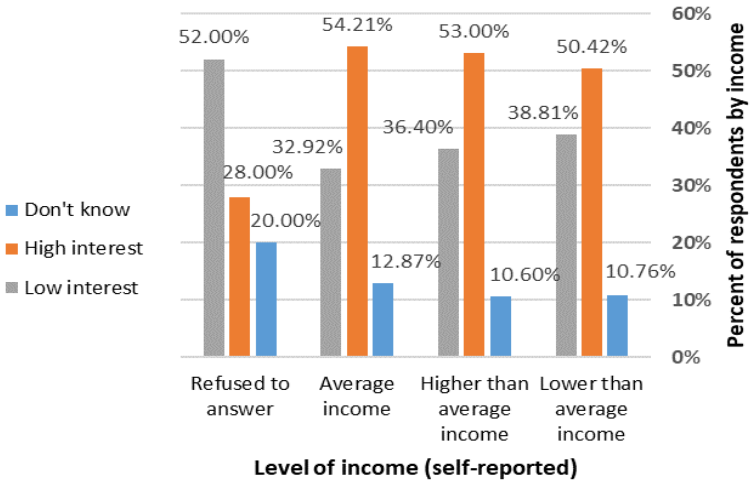
Response to the question: "To what extent would you be interested in using a digital shekel?"



Income level: A higher level of interest was identified among the population group that identifies itself as having an above-average income, where 54.2% expressed a high level of interest in adopting a digital shekel, compared to 53% of those with an average income and 50.4% of those with below-average income. This finding may correlate with the age-related finding in Israel, where level of interest increases with age, particularly above the age of 40, since it can be assumed that income tends to rise with age (Figure 10).

Figure 10: Interest in the Digital Shekel by Income Level

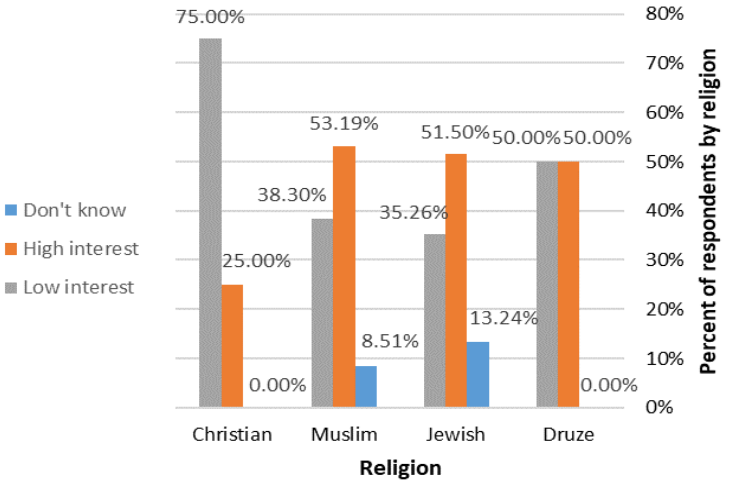
Response to the question: "To what extent would you be interested in using the digital shekel?"



Religion: It appears that religion is not an important characteristic in determining interest in a digital shekel. High rates of interest were found both among Jews and among Muslims.[19]

Figure 11: Interest in a digital shekel by religion

Response to the question: "To what extent would you be interested in using a digital shekel?"

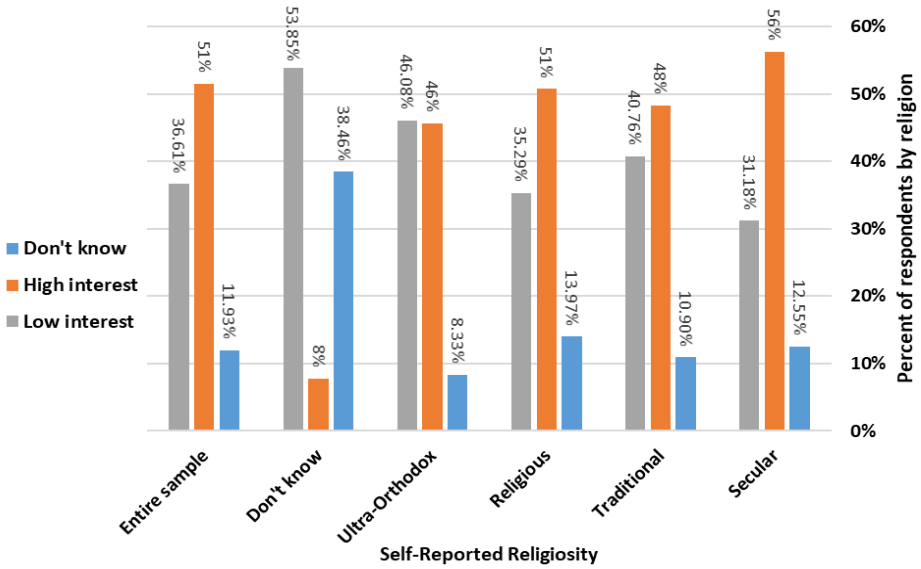


Level of religiosity: Based on self-definition by the respondents, the highest rate of interest was observed in the secular population (56%), followed by the religious population (51%), and then those defining themselves as traditional (48%). The lowest level was found among the ultra-Orthodox population (46%) (Figure 12).

[19] It is worth noting that the sample is not representative of the Druze community (the survey included only 4 Druze respondents) or the Christian community (only 16 respondents). Therefore, the primary characteristic identified in this survey pertains to the larger population groups in Israel, namely Jews and Muslims.

Figure 12: Interest in a digital shekel by religiosity (self-defined)

Response to the question: "To what extent would you be interested in using a digital shekel?"



3.5.2 Level of literacy (financial anddigital)

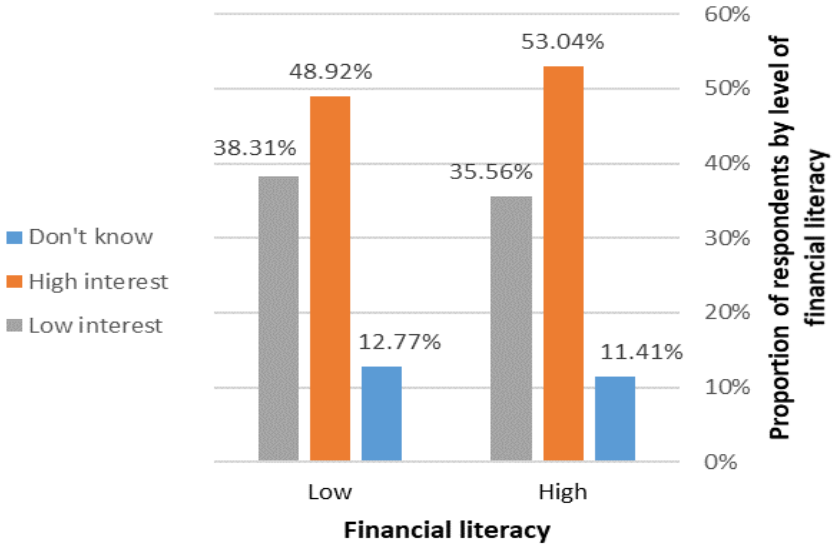
Financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors necessary for making sound financial decisions that will lead to personal financial well-being. This study relied on the OECD Financial Literacy Index (OECD, 2022).

The survey included questions designed to assess the financial literacy of the respondents. The sample average was 4.9 on a scale of 1-9 (with 1 representing low financial literacy).

It was found that financial literacy above the sample average contributes to an increase in the level of interest in a digital shekel compared to financial literacy below the average (53% vs 49%) (Figure 13).

Figure 13: Interest in a digital shekel by level of financial literacy

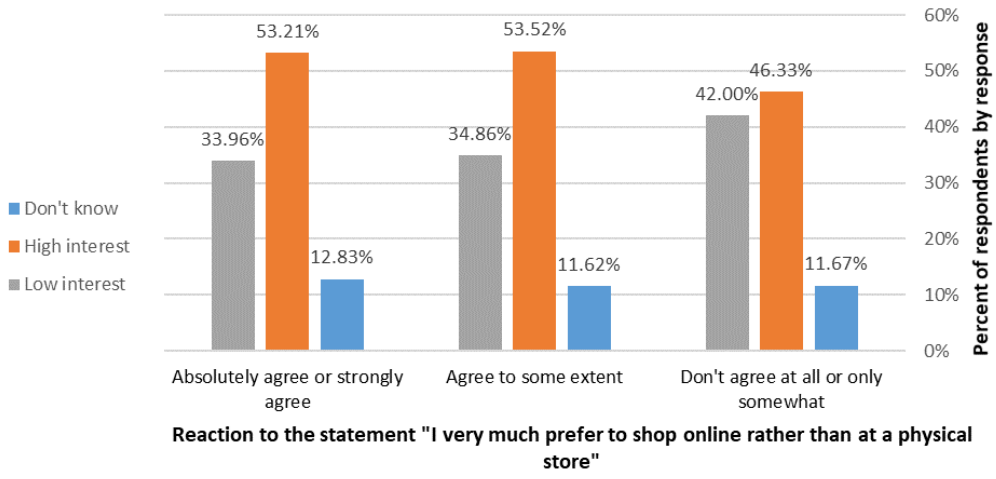
Response to the question: "To what extent would you be interested in using a digital shekel?"



Digital literacy, on the other hand, refers to the ability to use digital technologies. Digital financial literacy is an extension of financial literacy into the digital age, encompassing the ability to use digital technologies, platforms, and online financial services safely and efficiently. These are typically assessed through questions about behavior, attitudes, and knowledge (OECD, 2022). To examine the impact of digital financial literacy on the level of interest in a digital shekel, we selected the following three parameters as representatives of digital literacy: making online purchases, self-assessment of literacy level, and ownership of cryptocurrency. The findings are as follows:

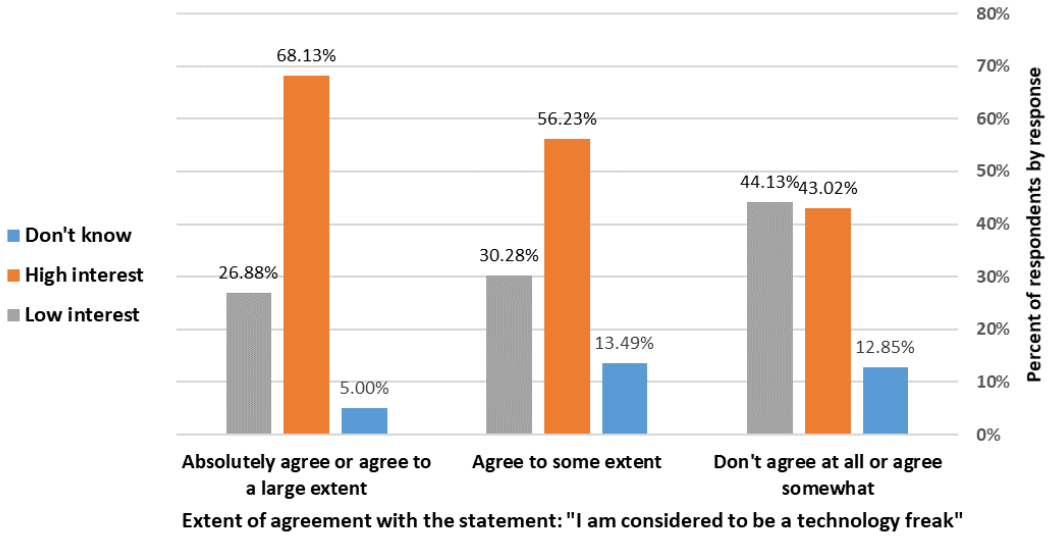
The tendency to make online purchases (to a large extent or to a limited/moderate extent) contributes to interest in using a digital shekel (53.2% and 53.5%, compared to 46.3% among others) (Figure 14).

Figure 14: Interest in the Digital Shekel and Tendency for Online Purchases



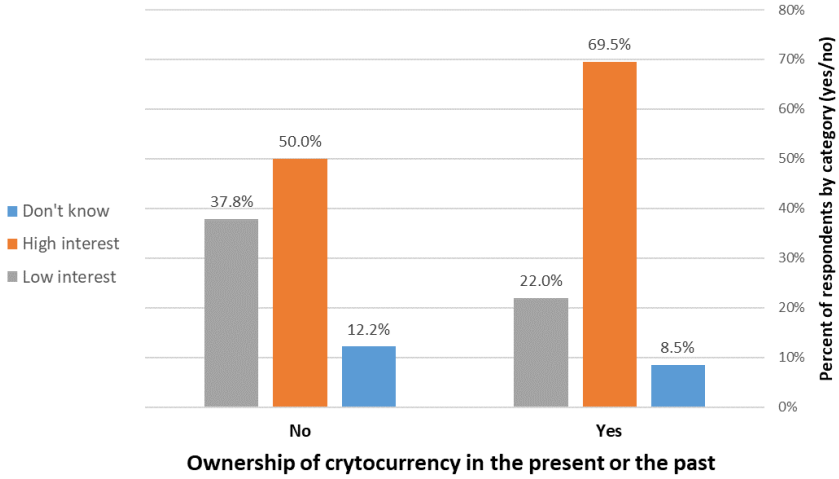
A respondent that defines himself as a "technology geek" (to a large extent or to a limited/moderate extent) will have a greater tendency to use a digital shekel (68.1% and 56.2% respectively, compared to 43% among others) (Figure 15).

Figure 15: Interest in a digital shekel and self-perception as a technologically-oriented individual



Ownership of cryptocurrency in the past or the present (8% of the respondents) contributes significantly to interest in using the digital shekel (69.5% of those who answered that they currently or once owned cryptocurrency showed a high level of interest as opposed to 50% among those who did not) (Figure 16).

Figure 16: Interest in the Digital Shekel and Holding Cryptocurrency



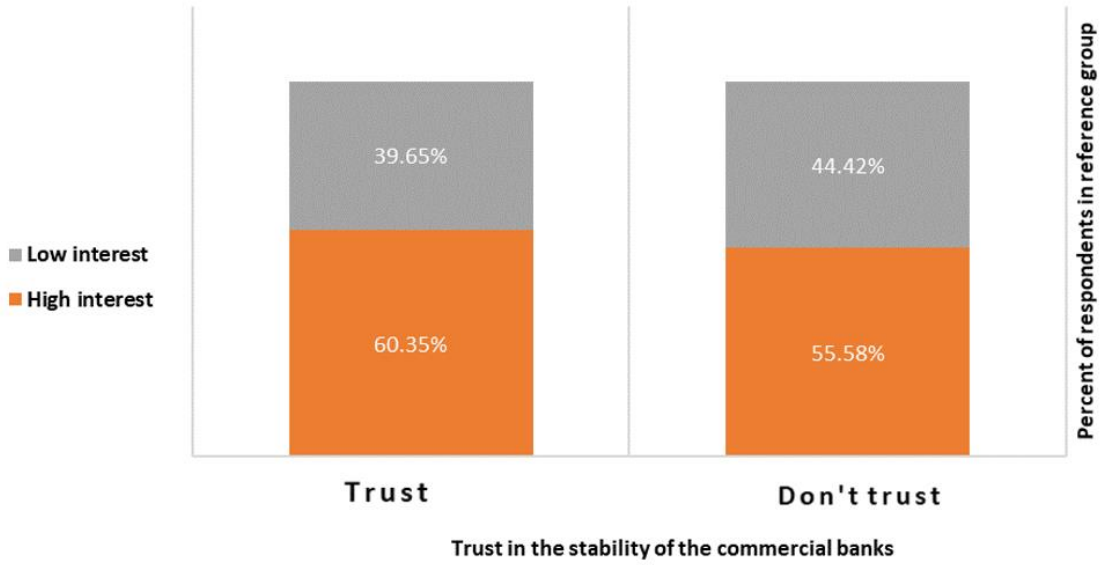
3.5.3 Interest in a digital shekel among cash lovers

In order to understand the reasons for interest in a digital shekel as central bank money, we analyzed why people prefer to use cash. The three reasons examined were: distrust in the stability of commercial banks, preference for privacy, and the finality and immediacy of payment. If these characteristics were important to respondents with respect to cash, it was hypothesized that they would also influence the adoption of a digital shekel. The findings are as follows:

Distrust in the stability of the commercial banks

The distinction between trusting and not trusting in the stability of the commercial banks was determined based on the level of agreement with the following statement: "I prefer to hold cash because, unlike money deposited in a bank, there is no risk that the bank will go bankrupt." Agreement levels were divided into disagreement (1-2) and varying levels of agreement (3-4). Accordingly, responses were coded as "does trust" or "does not trust" in the stability of the commercial banks. The purpose of this question was to indirectly examine whether the fact that a digital shekel represents a liability of the Bank of Israel, rather than that of a commercial bank, would lead those who do not trust in the stability of commercial banks to prefer a digital shekel. This hypothesis was rejected.

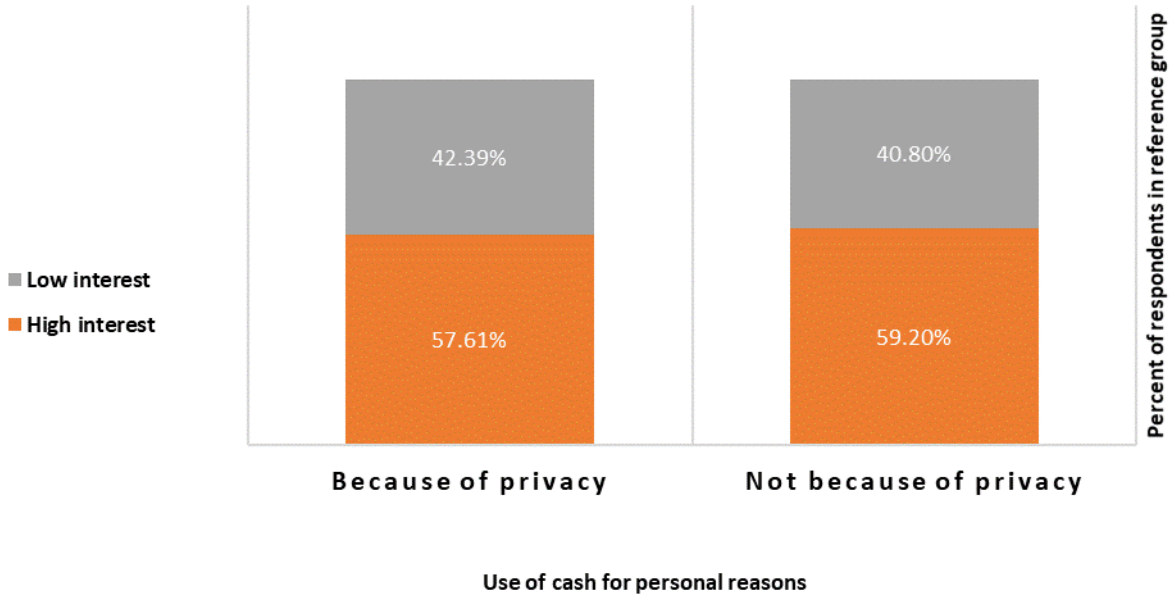
Figure17: The level of interest in a digital shekel (among those with an opinion) was not higher among those who do not trust in the stability of the commercial banks.



Preference for privacy

The preference for privacy was assessed based on the level of agreement with the following statement: "I prefer to pay in cash because of privacy; when I make a (legitimate) payment in cash, it is not recorded anywhere." It was found that there is a lower level of interest in a digital shekel among those who hold cash primarily for privacy reasons.

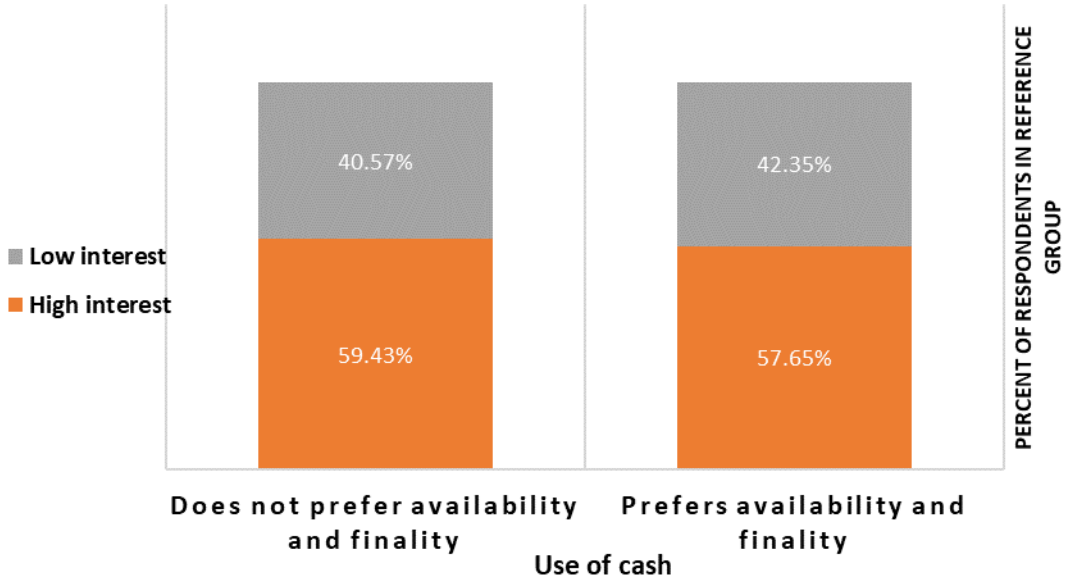
Figure 18: A lower rate of interest in a digital shekel (among those with an opinion) was found among respondents who prefer to hold cash for reasons of privacy



Finality and immediacy of payment

Finality and immediacy were examined based on the level of agreement with the following statement: "I prefer to receive payments in cash because that way I am certain the money is mine, and I can use it immediately." The purpose of this question was to assess the importance of finality and immediacy of payment with a digital shekel. It was found that there is a lower level of interest in a digital shekel among those who prefer cash due to its finality and immediacy in payment.

Figure 19: A higher level of interest in a digital shekel was not found among respondents who prefer receiving payments in cash due to the finality and immediacy of payment

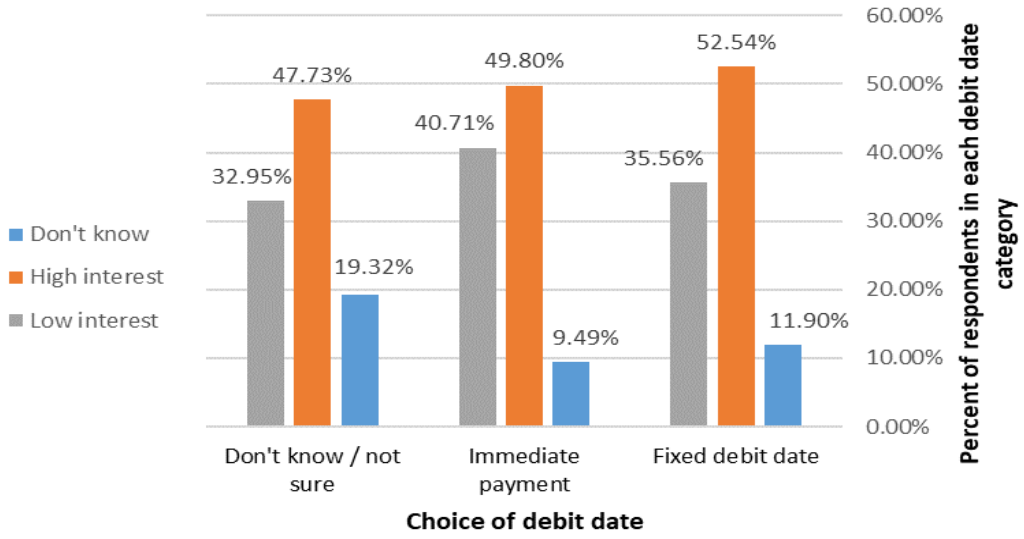


Preferred billing date

The level of interest in a digital shekel was also examined according to the preferred billing date for credit card transactions, given that digital shekel transactions are expected to be debited immediately. The majority of the sample (approximately 70%) indicated a preference for a single, consolidated monthly charge—which effectively defers payments—over an immediate charge at the time of the transaction. It was hypothesized that those who prefer immediate billing would also prefer a digital shekel because it has that characteristic. However, the hypothesis was rejected. Interestingly, individuals who prefer deferred billing demonstrated a higher level of interest in a digital shekel (53%) relative to those who prefer immediate billing (50%) (Figure 20).

Figure 20: Interest in a digital shekel by preferred billing date

Response to the question: "If you could choose the billing date for credit card payments you have carried out during the month, which would you prefer?"



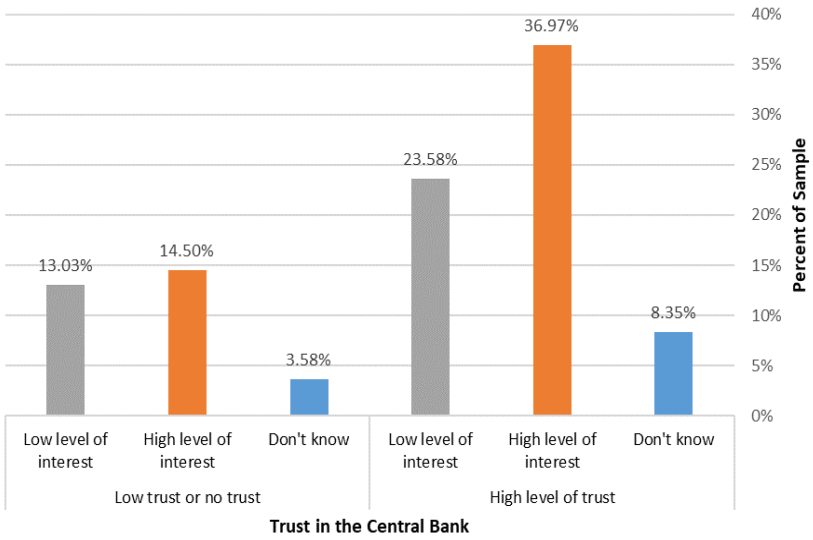
3.5.4 Trust as an essential component in accepting a digital shekel

With respect to the level of trust in various institutions, it was found that approximately 70% of respondents expressed trust in the Bank of Israel,[20] as compared to 54.5% who expressed trust in commercial banks.

[20] On a scale of 1 to 4, where 1 reflects a lack of trust and 4 reflects a high level of trust, the sample was divided so that responses of 1-2 indicate lack of trust or a low level of trust, while responses of 3-4 indicate trust or a high level of trust. For purposes of comparison, the average score for the Bank of Israel was 2.8, as compared to 2.5 for the large commercial banks, 2.3 for the judicial system, 1.9 for the government, and 3.0 for healthcare providers. Accordingly, the sample was segmented into low trust (1-2) and high trust (3-4) for the analysis of trust levels across institutions.

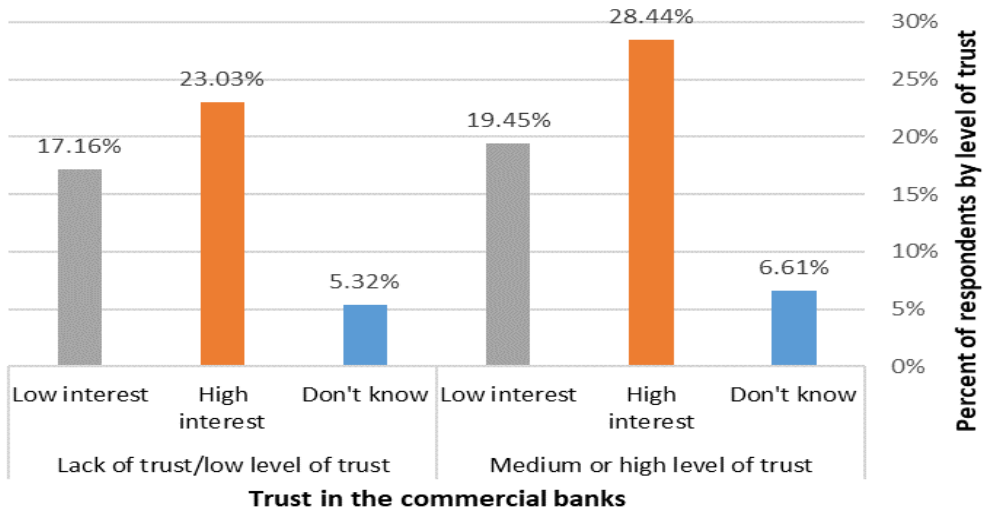
We analyzed the potential importance of trust in the Bank of Israel in determining the willingness to use a digital shekel. Dividing the sample into those with trust/high trust in the Bank of Israel versus those with low trust, a significantly higher level of interest in a digital shekel was observed among the former. Additionally, interest in a digital shekel was found to increase with the level of trust in the Bank of Israel: approximately 36.97% of the sample expressed a high level of interest in a digital shekel and a high level of trust in the central bank, compared to 14.5% of the sample who expressed a high level of interest in a digital shekel despite low trust in the central bank (Figure 21).

Figure 21: Trust in the Bank of Israel and the level of interest in a digital shekel



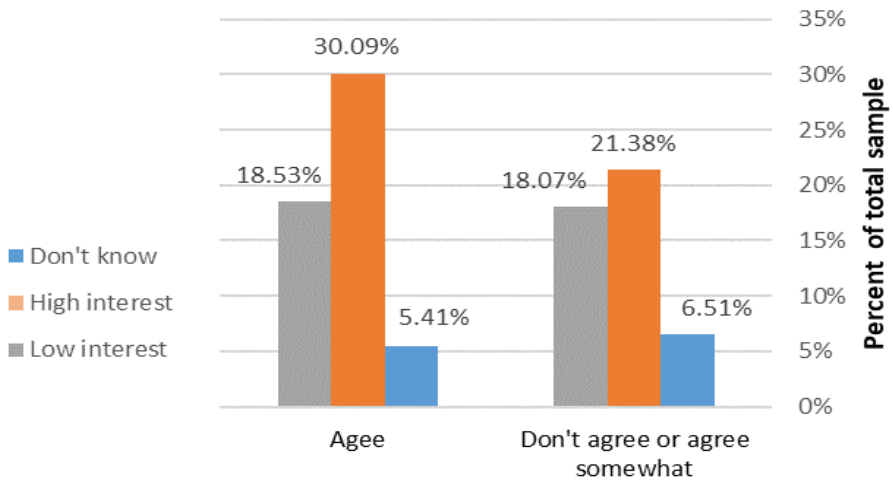
In a parallel segmentation by level of trust in the commercial banks, it was found that trust in commercial banks is less significant in determining the level of interest in a digital shekel. Approximately 28% of the sample expressed a high level of interest in a digital shekel alongside a high level of trust in the commercial banks, while about 23% of the sample expressed a high level of interest in a digital shekel despite a low level of trust in the commercial banks (Figure 22).

Figure 22: Trust in the commercial banks and the level of interest in a digital shekel



In a more in-depth analysis of trust in the central bank, respondents were presented with statements related to components of trust in regulatory bodies, as commonly discussed in the literature (Maman et al., 2024). These statements assessed the level of agreement that the central bank considers their needs, acts with integrity and fairness, and operates professionally. The responses were averaged in order to form an overall trust score for each respondent. The weighted average score given by respondents across the sample was approximately 3.3. Dividing the sample into groups above and below this average and examining their interest in a digital shekel reveals that the higher the trust in these attributes of the central bank is above the average, the higher the level of interest in a digital shekel is above the average (Figure 23).

Figure 23: The rate of interest in a digital shekel by various components of trust in the central bank

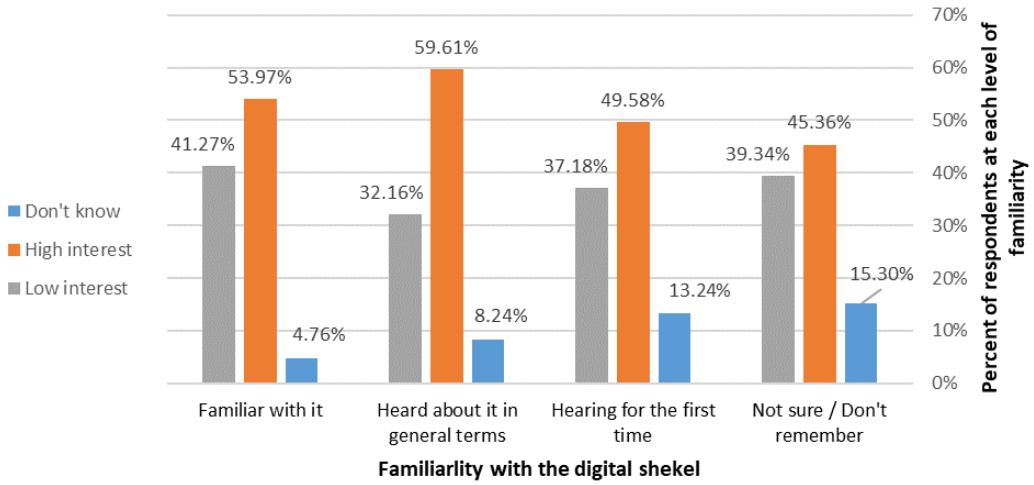


3.5.5 Familiarity with the digital shekel

Another question we addressed was the impact of familiarity with a digital shekel on the inclination to use it. The survey findings indicate that the level of interest in a digital shekel is higher among those who have heard the term in general but are not familiar with the details, (59.6%). In contrast, the level of interest is lower among those who claim to be familiar with a digital shekel (53.9%), reflecting a mixed trend (Figure 24).

Figure 24: Level of interest in a digital shekel by level of familiarity with the product

Response to the question: "Have you heard about the digital shekel before?"



3.6 Testing of correlations and hypotheses

3.6.1 Contribution of personal characteristics to the acceptance of a digital shekel

We examined the contribution of different variables to the adoption of a digital shekel by means of t-tests (Appendix E, Table 1).[21] This approach revealed that among the demographic variables, age and gender are

[21] In parallel, a logistic regression was carried out. The results are presented in Appendix E, Table 3.

significantly associated with a high level of interest in a digital shekel. Financial and digital literacy variables also showed significant contributions, as did trust in the Bank of Israel.

The question of which personal variables would contribute to the adoption of a digital shekel was analyzed using both correlation analysis and a predictive approach. In the first stage, a linear regression was carried out, where the dependent variable was the response to the following survey question: "In principle, to what extent would you be interested in using a digital shekel?" This variable is continuous, ranging from 1 to 10, where 10 reflects the highest level of interest. The purpose of this analysis was to control for correlations between the explanatory variables[22] and try to isolate the partial contribution of each variable.

The variables that were found to significantly contribute to the adoption of a digital shekel at the sample level were the following (Appendix E, Table 2):

- Gender and age (men over 40)
- High financial literacy.
- Digital literacy (e.g., online purchases, self-perceived technological aptitude, and ownership of cryptocurrencies).
- Trust in others (general interpersonal trust).
- Trust in the Bank of Israel.

If the sample is segmented by age group and gender, the following personal variables, which are related to financial and technological literacy, were found to contribute to the adoption of a digital shekel:

- Financial literacy: Positively correlated with adoption for those over 40, and negatively correlated for younger respondents.
- Self-perceived technological aptitude: Positively correlated with adoption among younger respondents (under 40).
- Ownership of digital currencies: Positively correlated with adoption among younger respondents (under 40).
- Risk-taking: Positively correlated with adoption among men over 40.
- Trust in the Bank of Israel: Positively correlated with adoption among younger respondents (under 40).

Interest in a digital shekel is also higher when an individual demonstrates a general trust in others, indicating a tendency toward showing interpersonal trust. A high correlation was found between responses to questions on this topic (Appendix F).

[22] For example, in answer to the following question: "Is the interest shown by adults in a digital shekel due to their age or having a higher-than-average income?"

An interaction analysis was carried out between the explanatory variables on the one hand and the gender and age variables (over or under 40) on the other hand. The table presents the statistically significant interactions (Appendix G).

3.6.2 The connection between preference for digital shekel features and personal characteristics

As described in previous chapters, respondents were given the option to select three out of nine digital shekel features they considered to be most important. To analyze the correlation between personal characteristics and preferred features, a series of logistic regressions were carried out. The dependent variables were digital shekel features, while the explanatory variables were the respondents' characteristics.[23] Detailed findings for the various features are presented in Appendix H. Below are key insights regarding specific features:

1. **"You will have protection against fraud and system errors"** – A significant positive correlation was found with higher-than-average income and education levels, as well as low trust in the commercial banks. In other words, the higher the income and education of the respondent, and the lower his trust in the banks, the more important this feature becomes.
2. **"You will have the option to earn 3.5% interest on your balance"** – A significant positive correlation was identified with the age group of 40+ and respondents with higher-than-average income, a high level of trust in the Bank of Israel, high digital financial literacy, and no prior previous familiarity with a digital shekel. This feature becomes more important when any of these parameters are present in respondents.
3. **"There will be no limit on the amount you can hold in a digital shekel"** – A significant positive correlation was observed with men, cryptocurrency holders, and individuals with below-average income. Among these populations, this feature appears to be particularly important.
4. **"Although the money is issued and managed by the Bank of Israel, it will not know how much money you hold or where you spend it"** – A significant positive correlation was found with men, a preference for current consumption over saving, above-average financial literacy, below-average income, and a low level of trust in the Bank of Israel.

The conjoint analysis (which is focused on understanding digital shekel features) revealed the following findings (Appendix I):

- The feature of earning 3.5% interest is important to the following groups: men over 40, individuals with a high income, and cryptocurrency holders.

- The ability to hold a relatively high amount of digital shekels (up to 50,000 NIS) was found to be important to the following groups: men over 40, individuals with high income, and cryptocurrency holders.

[23] Personal characteristics were replaced by binary variables. Thus, the variables of trust, education, income and financial literacy received a value of 1 when the score given by the respondent was larger than the sample average and a value of 0 when the score was less than the average.

- A holding limit of only 10,000 NIS reduces the likelihood of adopting a digital shekel among the following groups: women over 40 who do not perceive themselves as technologically skilled, and men under 40 who see themselves as technologically skilled. However, the 10,000 NIS limit does not negatively impact the adoption likelihood among high-income individuals.
- Free protection for users against fraud and system errors is important to the following groups: men over 40 who are technologically skilled, individuals with high income, and cryptocurrency holders.

4. Comparison of the Research Results with studies in other countries

4.1 Introduction

In recent years, several central banks, as well as the BIS (collectively referred to hereafter as "the central banks"), have examined the factors influencing the public's willingness to adopt Central Bank Digital Currencies (CBDCs).[24] In this chapter, we will briefly present the studies conducted by these banks and then compare their main findings to those of our research. It is important to acknowledge the differences in methodology and results across these studies. The purpose of this chapter is to highlight the general trends reflected in each survey and to identify similarities and differences between Israel and other countries.

Some of the studies directly addressed the digital currencies, while others explored the public's attitudes toward digital payment methods in general, including CBDCs. Most of the studies relied on online surveys,

[24] To complete the picture, we would mention that there are also theoretical studies that have tried to assess the willingness of the public to use a CBDC.

though some employed interviews and controlled experiments. While certain studies examined the public's attitudes toward CBDCs in a broad sense, others focused on specific issues, such as privacy.

A comparison between the findings of the studies conducted by the central banks and the findings of our study reveals certain similarities but also notable differences. It is worth considering that the results depend on, among other things, the specific characteristics of each country, such as demographic, technological, and economic factors. Additionally, the specific features of the CBDC presented to respondents in different studies, such as protection against errors and fraud, privacy, accessibility, and ease of use, may also influence the outcomes. Below, we present the comparison according to several key dimensions.

4.2 General level of interest in adopting the central bank's digital currency

The Israeli survey, which indicates that 51.6% of respondents show a high level of interest in adopting a digital shekel, aligns with findings from studies conducted in developed countries.

The Austrian study (Abramova et al., 2022) projected an adoption rate of between 45% and 55% of the population, particularly among those with high digital literacy and a high level of trust in financial institutions. The BIS study conducted in South Korea (Syngjoo Choi et al., 2023) estimated an adoption rate of 40%-50%, with emphasis on groups that value privacy and data security. The German study (Bidder et al., 2024) anticipated an adoption rate of 50%-60%, especially among individuals with a high level of trust in the central bank. Similarly, the Dutch study (Bijlsma et al., 2021) projected an adoption rate of 49%-54%, provided that privacy and data security are guaranteed, alongside financial incentives to support adoption.

In contrast, the Canadian study (BOC, 2023) stands out with a significantly lower projected adoption rate of 12%. This discrepancy can perhaps be attributed to the survey methodology, which involved an open questionnaire on the central bank's website. This approach does not constitute a random or representative sample, making it susceptible to biases and exploitation by interested parties promoting specific agendas. Nevertheless, respondents in Canada emphasized the importance of designing a digital currency that is accessible to the entire population.

4.3 Features of a CBDC that are likely to contribute to high adoption

Data security / prevention of fraud and errors

Studies conducted by the central banks of the Netherlands, Germany, and Austria indicate that the public attributes importance to protection against fraud and system errors. In Canada, the issue of trust in data security also emerged as a significant concern, with approximately 63% of respondents expressing concern about the level of data security, particularly among those over the age of 65 (70%).

In Israel, the research findings present a similar picture regarding the importance of this feature. In the open-ended questions, participants mentioned terms such as cyber-attacks, theft, security, fraud, and safety. As the research progressed, the feature of protection against fraud and system

errors was identified as the most important factor in determining the potential adoption of a digital shekel. Additionally, free protection against such risks was found to significantly contribute to the likelihood of adopting the currency.

Earning Interest on CBDC Balances

Earning interest is also identified as an important feature in most of these countries. In Germany, higher interest rates were strongly correlated with a greater willingness to adopt a digital currency. In the Netherlands, it was found that the amount the public would be willing to hold in CBDC would depend on the payment of interest. Moreover, even if the interest rate offered is equivalent to that provided by commercial banks, 54% of respondents indicated they would switch to CBDC (compared to 49% if no interest is offered). In contrast, in Canada payment of interest was not ranked among the leading features.

In Israel, earning interest was also found to be a significant factor correlated with greater willingness to adopt a digital shekel. However, it ranked second in importance after protection against errors and fraud. This finding emerged in both the conjoint analysis and the closed-ended question where respondents were asked to select the three most important features of a digital shekel.

Protection of privacy

Protection of privacy has been found to be a significant factor in determining the willingness to adopt CBDCs in surveys conducted by central banks in Germany, Canada, South Korea, and the Netherlands.

Likewise, in Australia (Fairweather et al., 2024) anonymity was identified as a key feature. When the anonymity of use is not guaranteed, consumers feel it is important to know which entities will have access to their data. The average consumer in Australia is willing to pay 5 Australian dollars (approximately $3 US) annually for an account to be accessible only to the central bank and not to commercial banks, and an additional 5 Australian dollars for full anonymity in small transactions.

In contrast, in Austria payment security was found to be a more important feature than privacy. Similarly, in Sweden (Sveriges Riksbank, 2023) anonymity is not perceived to be a required feature of a payment method, given the prevailing view that law-abiding individuals have nothing to hide. In addition, cash payments, which provide anonymity, are perceived as less secure.

In Israel, the findings painted a different picture. In the open-ended questions, concerns about lack of privacy or anonymity were mentioned only infrequently. In the closed-ended question, in which

respondents were asked to rank the three most important features of a digital shekel, the respondents gave the following statement a low score (eighth out of nine features): "Although the money is issued and managed by the Bank of Israel, it will not be able to know how much money you are holding or where you spend it." Furthermore, there was no above-average interest in adopting a digital shekel among individuals who prefer to use cash for privacy reasons.

Fees

In the Netherlands, Canada, Germany, and South Korea, low fees are considered to be a critical feature that significantly increases the public's willingness to adopt digital currencies. In Israel, the feature of free basic transactions was ranked third in importance out of the nine possible features of a digital shekel presented to respondents.

Holding Limit

In the Netherlands and Germany, the public expressed interest in the ability to hold large sums in CBDCs. However, concerns were also raised about the potential impact on the stability of the banking system. Notably, the German study highlighted that a significant portion of the public is interested in using the digital currency as a substitute for part of their bank deposits during normal times ("slow disintermediation") and even more so during periods of banking crises ("fast intermediation"). Consequently, the German study recommended designing the digital currency with holding limits aligned with the central bank's policy.

In Israel, while the ability to hold large sums was positively correlated with higher adoption of a digital shekel, this feature ranked low in importance in both the conjoint analysis and the closed-ended question.

Accessibility and Ease of Use

In studies conducted by central banks in South Korea, Germany, and Sweden, high accessibility and ease of use were found to be critical in ensuring broad adoption of the currency, particularly among non-technological populations.

In Israel, the feature of being able "to pay at points of sale, to pay online, to pay bills, and to transfer value to others" was ranked fourth in importance out of the nine features presented to respondents.

Ability to use offline

The ability to use digital currency without an internet connection is considered to be an important feature, particularly in regions with limited internet infrastructure, as highlighted in studies conducted in Austria and Canada. In Israel, this feature ranked fifth in importance out of the nine features presented to respondents.

Interoperability with Existing Infrastructure

The ability of a digital currency to integrate seamlessly with existing financial systems and infrastructure is considered crucial, especially in countries with advanced financial systems such as the Netherlands and South Korea. In Israel, this feature was not directly examined in the survey. However, in the open-ended questions, several respondents expressed concerns about the proliferation of payment methods, which may indirectly reflect concerns about interoperability.

Immediate Payment Capability

In the Netherlands, Canada, Germany, and South Korea, the ability to perform immediate payments using a CBDC was identified as one of the features that increases the public's willingness to adopt the currency. In Israel, this feature ranked seventh in importance out of the nine features presented to respondents.

4.4 User characteristics that contribute to high adoption

While the findings related to the importance of features show similarities between Israel and other countries, there are notable differences in the demographic characteristics that affect adoption.

Gender and Age

In the Netherlands, men were found to be more willing to adopt CBDCs than women, and younger individuals under the age of 35 showed greater willingness to adopt than older individuals. Similarly, in Austria, retirees expressed less interest in the digital euro than younger individuals.

In Israel, men demonstrated significantly higher interest in a digital shekel than women. However, Israel exhibits a different trend with respect to age, such that the willingness to adopt a digital shekel increases with age.

Education

Central bank studies indicate that education level affects willingness to adopt CBDCs. In particular, individuals with higher education and income levels are more inclined to adopt digital currency in the Netherlands, Austria, and Germany. In Israel, however, statistical analysis did not provide a conclusive answer regarding the role of education in adoption.

Income

Individuals with higher income levels are more inclined to adopt CBDCs according to studies in the Netherlands, Germany, and Austria. Similarly, in Israel, survey data indicates higher interest among respondents with higher income levels.

Digital Literacy

A high level of digital literacy has been shown to contribute to CBDC adoption in the Netherlands and Austria. A similar finding was observed in Israel, where individuals with high digital literacy demonstrated a greater willingness to adopt a digital shekel.

Trust in Institutions and the Central Bank

Trust in financial institutions, and especially in central banks, has been identified in numerous studies as a key factor in CBDC adoption. In particular, the higher the trust in the financial system, the greater will be the likelihood of adopting the digital currency. This was evident in studies conducted in Germany, Canada, Sweden, and Austria. In Austria, trust in financial institutions was especially important among younger and more educated respondents. Similarly, in Israel, trust—particularly in the central bank—is positively correlated with willingness to adopt a digital shekel.

Familiarity with Cryptocurrencies

Studies in the Netherlands, Austria, and Canada found that individuals with prior experience using cryptocurrencies are more likely to adopt CBDCs, particularly when they understand the advantages and risks of digital currencies. In Israel, holding cryptocurrencies is also significantly and positively correlated with willingness to adopt a digital shekel.

Familiarity with the Concept of Central Bank Digital Currencies

Familiarity with the concept of CBDCs has been found to increase willingness to adopt them in the Netherlands, Germany, and South Korea. In Canada, despite a relatively high level of awareness about CBDCs, the findings indicated lower willingness to adopt. However, as noted, the Canadian survey faced methodological challenges due to its reliance on a non-representative voluntary sample.

In Israel, no clear findings emerged as to whether prior familiarity with a digital shekel contributes to willingness to adopt.

5. Summary and Conclusion

More than half of the respondents in our survey expressed a high level of interest in using a digital shekel. This finding indicates significant potential for adoption among the Israeli public, particularly among men, individuals over 40, those with high income, and those with strong financial and digital literacy. Further research is needed to understand the drivers of interest among these groups, while also exploring strategies to increase interest among other segments of the population.

To ensure successful adoption of a digital shekel, it is essential to focus on developing features viewed as most critical for its acceptance. These include protection against fraud and errors, no fees for basic transactions, the ability to make offline payments, and support for smart payments. Additionally, the possibility of incorporating new features to improve user experience and adoption rates should be considered.[25]

[25] Some the aforementioned features are including in the Digital Shekel Characterization Document (forthcoming, Bank of Israel).

The high level of trust in the Bank of Israel, combined with the positive correlation between this trust and the willingness to adopt a digital shekel, suggests a high likelihood for its adoption.

General familiarity with a digital shekel was found to be correlated with a higher level of interest, although a deeper level of familiarity did not show a significant contribution. This could be due to individuals who claim to have deeper knowledge being influenced by negative perceptions, while those with only a superficial awareness expressed greater interest. Therefore, efforts should focus on increasing public awareness of a digital shekel and its benefits, especially across different demographic groups.

Ensuring that a digital shekel is user-friendly and accessible, particularly for populations with a lower level of financial and digital literacy, will be critical for broad adoption. Regarding smart payments, this feature was found to be especially important to younger individuals under 40. Given the likelihood that smart payments will become an integral part of the digital payments ecosystem in the future, incorporating this feature could make a digital shekel more relevant.

A higher holding limit for digital shekels was not identified as a significant advantage. Thus, implementing a holding limit (e.g., 10,000 NIS or higher) is unlikely to deter usage. The relatively low importance of a high holding limit may reflect respondents' perception of a digital shekel primarily as a payment method rather than a store of value, at least as long as it does not offer interest. If this assumption is correct, the risk of significant bank deposit withdrawals (bank disintermediation) due to the introduction of a digital shekel might be relatively low.

Concerns about privacy with respect to the Bank of Israel do not appear to be a significant barrier at this stage. However, as the issue gains public attention, its importance may increase, as seen in other countries.

The survey suggests that offering a wide range of use cases from the outset is essential, given that this feature was found to be important in both the current study and in global studies, and this is in line with the concept of network effects.

Offline payment capabilities, though more appealing to younger individuals, do not necessarily need to be developed in the initial phase if doing so is time-consuming or costly.

If adoption rates for a digital shekel are not sufficient, offering interest on digital shekel balances could be considered. This feature may attract users, create competition within the banking system, and enhance monetary transmission while maintaining reasonable banking margins. However, it could also lead to bank deposit withdrawals (bank disintermediation), underscoring the need for cautious implementation.

This research is a preliminary exploration of public attitudes toward a digital shekel, a product that does not yet exist. It is possible that specific features that were presented to respondents were perceived or understood differently than intended. Consequently, conclusions should be approached with caution, and developments in the payments market should be closely monitored, since they may serve as a "natural experiment" to test various features of a digital shekel.

Since this study focused solely on individual users, a similar study should be conducted among businesses in order to provide a complete picture, since adoption by the general public will require businesses to embrace a digital shekel as well.

With the evolution of smart payment methods that may include features relevant to a digital shekel (such as smart or offline payment) or greater familiarity among Israelis with CBDCs in other countries, follow-up research may be warranted. Staying informed about global research and methodologies and applying those findings to effective implementation strategies will be crucial.

In conclusion, the research highlights moderate-to-high potential for the adoption of a digital shekel among the Israeli public, particularly if it is designed to align with the public's priorities, offers a wide range of use cases, is accompanied by clear communication of its advantages, and benefits from strong trust in the Bank of Israel.

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Appendixes

Appendix A – Descriptive statistics of the research population

		Pilot n=504	First Questionnaire n=1090	Second Questionnaire n=975	Population aged 18-70 (CBS data for 2020)[26]
Gender	Female	51%	49.72%	49.6%	50%
	Male	49%	49.82%	50.36%	50%
Age group	18-29	32%	29.9%	32.5%	25%
	30-39	26%	21.7%	20.9%	19%
	40-49	21%	20.07%	19.6%	18%
	50-59	15%	15.32%	14.9%	14%
	60+	6%	13.02%	12%	24%
Level of religiosity	Secular	49%	48.26%	46.05%	35.3%
	Traditional	25%	19.36%	18.46%	26.4%
	Religious	12%	12.48%	13.54%	9.3%
	Ultra-Orthodox	14%	18.72%	20.92%	8.8%
Religion	Jewish	82%	76.24%	85.23%	73%
	Christian	3%	1.47%	0.41%	2%
	Muslim	10%	21.56%	13.54%	18%
	Druze	4%	0%	0%	2%

Appendix B – Explanatory variables

Table 1 – Description and coding of explanatory variables

Coding	Done in a way such that the relative contribution in percent will be easier to analyze in a binary manner and where trends were left in the original categories. Some of them were simplified. Questions on trust – were left in the original ranking of the categories.
Answer of "don't know" / "not interested in answering" were marked with "."	
Variable	Values
gender	male =1
age_category	18-40 = 1 , 40-60= 2 , 60+= 3
above_fifty	if above fifty = 1
religion	Jewish = 1, Christian = 2, Muslim = 3, Druze = 4, refuses to answer = 5
age_above_forty	if above forty = 1
Jewish_or_other	if Jewish = 1 otherwise = 0
religious_level	If 1, then secular; if 2, then traditional; if 3, then religious; if 4, then ultra-Orthodox.
income	Average or lower = 0; above average = 1; didn't answer=.
education	University graduate =1, if not = 0; didn't answer =. Level of graduate – from freshman in a bachelor's degree.
food_digital	Purchases in a supermarket. Above or equal to five (purchases with a credit card or by telephone) = 1 – digital
transfer_digital	Transfer to others. Above or equal to five = 1 apart from "don't' know".
Clothing_digital	Clothing and footwear. Equal to or above five = 1 apart from "don't know".
utilities_digital	Payment to authorities – municipal taxes, electricity, water. Equal to or above five = 1.
Restaurants_digital	Restaurants and cafes, as above.
Maintenance_digital	Household repairmen – electricians, etc. as above.
fuel_digital	Payments to gas stations – as above.
large_onetime_digital	Large expenses such as purchase of a vehicle – one-time – as above.
household_employee_digital	Household maintenance – maid, gardener... – as above.
trust_comer_bank_cash	Answer to the question of holding cash because they don't trust the commercial banks – negative answer = 1 (=trusts in the commercial banks).
cash_privacy	Prefers to pay in cash because of privacy = 1 (categories 3-5) 0 (categories 1-2)
cash_presence_prefer	Prefers the physical availability of cash = 1 (I prefer to pay in cash because then I know that the cash is mine and I can use it immediately) (categories 3-5 in the answers).
trust_BOI	Trust in the central bank. Categories aligned with the original. The question – To what extent do you trust / not trust (1 = not at all, 4= to a large extent).
trust_bigbanks	Trust in the large banks. Categories aligned with the original. The question – To what extent do you trust / not trust (1 = not at all, 4= to a large extent).
trust_judicial	Trust in the judicial system. Categories aligned with the original. The question – To what extent do you trust / don't trust (1 = not at all, 4= to a large extent.

trust_government	Trust in the large banks. Categories aligned with the original. 1 = not at all, 4= to a large extent.
trust_healthsys	Trust in the health system. 1 = not at all, 4= to a large extent.
internet_shopping	Answer to: I much prefer shopping online rather than in stores. Average score 3.4. Above the average for shopping online = 1 Average or below = 0.
technological	Answer to: They say I am a freak for new technologies / new gadgets. Average score 2.8. Above average = 1.
risk_taker	Answer to: I am willing to take risks in financial investments. Average score 2.7. Average =1.
spendrift_tendency	Answer to: I prefer to spend cash today rather than save for the long term. Average score 2.2. Above average = 1.
investment_knowledge	Answer to: My financial knowledge is good enough in order to choose investment channels. Average score 2.9. Above average = 1.
bill_compliance	Answer to: I general pay bills on time. High sample average of 5.2, which implies a high level of compliance. Score of 5 or 6 was coded as 1.
trust_people	Answer to: In general, I trust people. Categories were left as is. 1= don't agree at all. 6 = absolutely agree. Left as a rating.
BOI_reliability	Average of the responses to the questions: "I believe that the Bank of Israel takes into account the needs of people like me", "I trust that the Bank of Israel operates honestly and fairly" and "In my opinion, the Bank of Israel operates very professionally" – left as an original category average.
credit_cards	Answer to: "I have more than one credit card in my wallet" 1= yes, 0 = no.
crypto_holder	Answer to: "I currently own or in the past owned a virtual currency (crypto, Bitcoin, Ethereum, etc.) 1=yes, 0 = no.
living_area	Area of residence was left in the original categories. 1= Jerusalem, 2= North, 3 = Haifa, 4 = Center, 5 = Tel Aviv, 6 = South, 7 = Judea and Samaria.
kahal	Ethnic group was left as original categories. 1= general, 2 = ultra-Orthodox, 3 = Russian, 4 = Arab.
finance_literacy	Calculated on the basis of a fixed methodology. See original. Sample average was 4.9. Divided into categories of above average = 1, below average = 0.
finance_literacy_grade	Score according to the methodology – The more it increases, the higher it is. As mentioned, the sample average was 4.9.
marital_status	Married = 1, single, separated, widow = 0.
acquaintance	Answer to: "Are you familiar with the digital shekel?" 1= I am familiar with it or I have heard of it in general terms but I don't actually know what it is", "I am hearing about it for the first time" or "I am not sure if I recall."
interest_variable	Answer to: "In principle, to what extent would you be interested in using a digital shekel?" answer of 0 is I don't know, I'm not sure. The scale is continuous from 1 to 10. Expectation of the variable is 5.32.
high_interest	Binary variable – level of interest 6 and over is categorized as high, otherwise 0.
payments_feature	Rating for "You can pay with it at points of sale and on the Internet, you can pay bills and you can make transfers to others" 1 = yes, 0 = no.
immediate_feature	Rating for "The payment will be made immediately from your balance of digital shekels" – binary, 1 = yes.

smart_payments_feature	Rating for “You can use the digital shekel to carry out smart payments” binary 1 = yes.
data_protection_feature	Rating for “You will be protected from fraud and system errors” binary 1 = yes.
no_internet_feature	Rating for “You can use it even when there is no internet connection.”
fees_feature	Rating for “basic activities will not have a fee or any other costs.”
interest3.5%_feature	Rating of “You will have the possibility of receiving interest at a rate of 3.5% on your balance of digital shekels.”
no_limit_feature	Rating for “There will not any limit on the number of digital shekels you can hold.”
privacy_feature	Rating for “Although the money is issued and managed by the Bank of Israel, it will not be able to know how much money you have or where you spend it.”

Table 2 – Correlations between the variables

A high correlation was found between the following variables: food purchases, clothing purchases, restaurants, and fuel purchases; and also between the following variables: household maintenance and payment for household assistance. Therefore, in the regression of digital consumption habits, the variable selected was: online food purchases.

	Food digital	Transfer dl	clothingd~l	utilities~l	restaurant~l	maintenanc~l	fuel_digital	Large onet~l	household_~l
food_digital	1.0000								
transfer_d~l	0.3062	1.0000							
clothing_d~l	0.6506	0.3214	1.0000						
utilities_~l	0.2090	0.3179	0.1621	1.0000					
restaurant~l	0.6407	0.3006	0.6624	0.1663	1.0000				
maintenanc~l	0.3246	0.2941	0.3081	0.2166	0.3729	1.0000			
fuel_digital	0.3515	0.1321	0.3568	0.1606	0.4348	0.1885	1.0000		
large_onet~l	0.0762	0.0557	0.1591	0.1029	0.1859	0.2083	0.2108	1.0000	
household_~l	0.1297	0.2055	0.1368	0.1753	0.2018	0.4377	0.1979	0.1763	1.000

Appendix C: t-tests for aggregate analysis variables[26]

	Receipt of interest at a rate of 5.3%	**Maximal holding limit**	**Protection of users**
Configuration I	Possible	₪ 50,000	No payment
Mean	5.14	5.09	5.12
Configuration II	Not possible	₪ 10,000	Paid for
Mean	4.81	4.78	4.7
Difference	0.33	0.31	0.43
T- value	-3.3	-3.2	-3.9
P- value	0.00	0.00	0.00

[26] To validate this finding, we also examined the results using a regression analysis in order to estimate the contribution of the features described in the conjoint analysis to the willingness to use a digital shekel (alongside control variables). The tests were conducted using both a random effects model and a fixed effects model. A Hausman test revealed no significant difference between the random and fixed effects models in this case (p-value of 0.7). This analysis also led to the results described above.

Appendix D: Testing the relative contribution to adoption for a high level of interest, using a logit model[27]

2008 observations 511 groups	Receipt of interest	Holding up to 50,000	Free protection for users against error and fraud in the system
Coefficient	0.54	0.48	0.55
Significance	0.00	0.00	0.00

[27] Probability higher than chi = 0. In this case, the Hausman tests indicated a preference for the fixed effect model (p-value of 0.002). However, the probability is very low, meaning that this test has minimal significance.

Appendix E: Adoption according to level of personal characteristics

Table 1 – t-tests for personal characteristics

	Gender	Age	Income	Education	Religion	Financial literacy	Digital literacy [1]	Ownership of digital currencies	Trust in the Bank of Israel	Uses cash for reasons of privacy
Group 1	Women	40	Above average	University graduate	Non-Jewish	Above average	Above average	Owns	Above average	Yes
Group 1 Mean	4.88	5.74	5.55	5.33	5.51	5.44	5.71	6.43	5.4	5.42
Group 2	Men	<40	Average and below	Non-university graduate	Jewish	Below average	Below average	Does not own	Below average	No
Group 2 Mean	5.75	4.91	5.29	5.33	5.25	5.1	5.14	5.22	4.9	5.22
T- value	-11.5	-10.9	-3.2	0.11	2.9	-4.2	-6.9	-8.4	-6.6	-2.58
P- value	0	0	0	0.54	0	0	0	0	0	0.005
Significant	+	+		-	-	+	+	+	+	+

Table 2 – Continuous linear regression for entire sample and by age group

Linear regression	Entire sample	Age 40+	Up to 40
R^2	0.071	0.14	0.18
Adjusted R^2	0.06	0.12	0.14
Observations	1016	493	453
Explanatory variables	Coefficients (upper row) and significance (lower row)		
Gender	**0.44	**1.0	-0.91
	0.066	0.03	0.77
Age	**0.03	-	0.08
	0.00	-	0.74
Higher than average sample income	-0.11	-0.54	0.16
	0.619	0.1	0.63
Higher than average sample education level	-0.127	-0.28	0.31
	0.571	0.46	0.34
Online purchases of food	0.398	**0.63	0.25
	0.10	0.07	0.4
Trust in the Bank of Israel	0.12	-0.14	**0.40
	0.448	0.5	0.09
Trust in the commercial banks	-0.03	0.00	-0.14
	0.81	0.99	0.52
Trust in people	**0.16	0.09	0.15
	0.088	0.49	0.25
Online purchases	0.385	0.42	0.24
	0.10	0.18	0.48
Self-perceived technological aptitude	**0.63	0.35	**0.77
	0.00	0.29	0.017
Risk-taker	0.37	**1.4	-1.29
	0.125	0.00	0.7
Preference for spending in the present	**0.71	**1.12	0.47
	0.00	0.08	0.2
Ownership of crypto	**0.76	0.05	**1.05
	0.07	0.9	0.051
Financial literacy	0.07	**0.49	**-0.23
	0.35	0.00	0.029
Familiarity with the digital shekel	0.36	0.06	0.45
	0.13	0.84	0.195

Table 3 – Logistic regression for entire sample

Logistic regression	Entire sample
Pseudo R^2	0.075
Observations	1016
Explanatory variables	
Gender	0.16 (0.26)
Age	**0.65 0.00
Higher than average sample income	-0.13 (0.366)
Higher than average sample education level	-0.22 (0.097)
Online purchases of food	**0.25 (0.095)
Trust in the Bank of Israel	0.086 (0.608)
Trust in the commercial banks	-0.1 (0.456)
Trust in people	**0.4 (0.011)
Online purchases	0.15 (0.286)
Self-perceived technological aptitude	**0.49 (0.00)
Risk-taker	**0.32 (0.031)
Preference for spending in the present	**0.52 (0.001)
Ownership of crypto	**0.64 (0.02)
Financial literacy	**0.34 (0.027)
Familiarity with the digital shekel	**0.27 (0.071)

Appendix F – Correlations in the level of trust in the various entities

	Large banks	Bank of Israel	Judicial system	Government	Bank of Israel	Large banks
Large banks	1					
Bank of Israel	0.584	1				
Judicial system	0.262	0.456	1			
Government	0.277	0.187	-0.090	1		
Health funds	0.389	0.429	0.290	0.209	1	
People	0.176	0.177	0.111	0.191	0.212	1

The test was also carried out for an analysis in which those who replied “don’t know” / “not sure” were not removed from the sample. The results in this case were somewhat different but not on the main issues.

Appendix G: Table of interaction variables that were found to be correlated with statistical significance with the independent variable – level of adoption of a digital shekel

(Interactive regression, l1016 observations, R^2=0.21, ADJ=0.1`2)

	Men	Women
Age over 40	Risk taker (positive coefficient of 0.8, significance 0.02)	(Lack of) inclination to spend in the present (Negative coefficient of -2.12, significant 0.00). Below-average trust in the central bank (2,3): Positive coefficients (1.48–2.6), significant (0.04, 0.06). Below-average trust in banks (1): Negative coefficient of -2.7, significant (0.038). Below-average trust in people (responses 1 and 2): Negative coefficients of -4.84 and -3.6, significant (0.026, 0.086). Low financial literacy (responses 2, 3, 4): Negative coefficients (-6.17, -4.5, -4.3), significant within the range of (0.03–0.08).
Age less than 40	Those who do not perceive themselves as technologically inclined reported lower interest in a digital shekel (negative coefficient 1.05, significant 0.024). Individuals with low to moderate financial literacy (responses 2, 3, 5, 6, 7) also reported significantly lower interest in a digital shekel (significant negative coefficients ranging from -6.6 to -7.3).	Very low trust in the central bank (responses 1 and 2) negative coefficient (-3.04, -2.01), significant (0.01, 0.05). Self-perception as technologically inclined (responses 1 and 2) positive coefficient (0.92), significant (0.05). Financial literacy, at any level: significant negative coefficients.

Appendix H – Analysis of preferences for digital shekel features based on individual characteristics: Logistic regression findings

1. "You can use it to pay in stores, pay online, pay bills, and transfer to others" – This feature showed no significant correlation with individual characteristics.
2. "**The payment will be deducted immediately**" – Positively and significantly correlated with a high level of trust in large banks (0.7, 0.00). Negatively and significantly correlated with age over 40 (-0.33, 0.032), risk-taking (-0.48, 0.004), a high level of financial literacy (-0.37, 0.029), and a high level of trust in the Bank of Israel (-0.65, 0.001).[28] Significance with respect to age less than 40, lower-than-average financial literacy, a high level of trust in the large banks and a low level of trust in the Bank of Israel.
3. "You can use the digital shekel to make **various smart payments**, such as conditional payments (such as upon package delivery or digital asset transfer)" – Positively and significantly correlated with a high level of trust in large banks (0.6, 0.00) and familiarity with the digital shekel (0.44, 0.004).[29]
4. "You will **be protected against fraud and system errors**" – Positively correlated with above-average income and education (0.23, 0.07–0.098). Negatively correlated with a high level of trust in large banks (-0.43, 0.04).[30] In other words significant with respect to higher-than-average income and education and a low level of trust in the large banks.
5. "You can use it even **without an internet connection**" – Positively correlated with higher-than-average education (0.24, $p = 0.08$) and online food purchases (0.6, 0.00). Negatively correlated with being male (i.e. preference among women) and ownership of cryptocurrencies (-0.62, 0.039).[31]
6. "Basic operations (such as opening a wallet, making and receiving simple payments) will have **no fees or other costs**" – Positively correlated with a high level of trust in the Bank of Israel (0.36, $p = 0.031$). Negatively correlated with above-average income (-0.31, 0.03) and ownership of cryptocurrencies (-0.45, 0.09).
7. "You will have the option to **earn 3.5% interest** on your balance" – Positively correlated with age over 40 (0.43, 0.01), high income (0.33, 0.019), a high level of trust in the Bank of Israel (0.31, 0.055), online food purchases (0.32, 0.024), high financial literacy (0.25, 0.098), and risk-taking (0.34, 0.021). Negatively correlated with a tendency to spend in the present (-0.5, 0.001) and familiarity with the digital shekel (-0.32, 0.033).[32]
8. "There will be **no limit on the amount you can hold** in digital shekels" – Positively correlated with being male (0.73, $p = 0.00$) and ownership of cryptocurrencies (0.65, 0.02). Negatively correlated with above-average income (-0.33, 0.08), online food purchases (-0.34, 0.058), and risk-taking (-0.4, 0.034).[33]
9. "Although the money is issued and managed by **the Bank of Israel, it will not know how much you hold or where you spend it**" – Positively correlated with being male (0.5, 0.02), a preference for spending in the present (0.3, 0.09), and high financial literacy (0.43, 0.018). Negatively correlated with above-average income (-0.32, 0.06), a high level of trust in the Bank of Israel (-0.48, 0.011), and online food purchases (-0.41, 0.019).[34]

[28] Pseudo $R^2 = 0.048$.
[29] Pseudo $R^2 = 0.02$
[30] Pseudo $R^2 = 0.017$
[31] Pseudo $R^2 = 0.037$
[32] Pseudo $R^2 = 0.04$
[33] Pseudo $R^2 = 0.05$.
[34] Pseudo $R^2 = 0.04$

Appendix I: Contribution of features to interest in the digital shekel given personal characteristics (conjoint)

Integration variables	Receipt of interest	Holding of up 50,000	Free protection for user against errors and fraud	No receipt of interest	No possibility of holding up to 50,000	No free protection for user against errors and fraud
Without	0.377 (0.00)	0.28 (0.00)	0.565 (0.00)			
Gender (men)	0.35 (0.001)	0.29 (0.03)	0.27 (0.05)			-0.23 (0.087)
Over 40	0.409 (0.00)	0.335 (0.00)	0.515 (0.00)			0.241 (0.079)
Men over 40	0.39 (0.06)	0.209 (0.1)	0.404 (0.03)		-	-
High than the sample average income	0.42 (0.00)	0.41 (0.00)	0.45 (0.00)		0.33 (0.021)	
Ownership of crypto	0.4 (0.00)	0.31 (0.00)	0.4 (0.00)			
Technologically inclined men over the age of 40	0.09 (0.641)	0.08 (0.061)	0.47 (0.011)	-0.89 (non-technologically inclined men over 40[35]). -0.59 (non-technologically inclined women over 40[36]) -0.67 (technologically inclined men over 40[37])	-0.46 (non-technologically inclined women over 40[38]) -044 (technologically income men under 40[39])	0.5 (non-technologically inclined women over 40[40])

[35] Significance 0.02
[36] Significance 0.061
[37] Significance 0.02
[38] Significance 0.072
[39] Significance 0.08
[40] Significance 0.045