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Another step forward for the financial services sector in Israel – promoting sharing of financial information to increase competition

A new bill that was recently published by the Israel Securities Authority aims to remove barriers in the Israeli financial sector in connection with financial information services

As part of recent reforms and on-going efforts to improve competition in the banking and financial services sector in Israel, the Ministry of Finance and other Israeli financial regulators are promoting a new bill which follows the footsteps of the European Payment Services Directive (PSD2) with respect to financial information services. Their goal is to improve the market's competitiveness and efficiency by enabling clients to compare prices in real time and reduce information asymmetry in the financial sector.

The new Financial Information Services Bill, once effective, will replace the relevant part of the Regulated Financial Services Law (which such part did not come into force) and will provide the regulatory framework for financial information services, with respect to both the entities that will provide financial information services and the financial institutions who hold financial information of clients.

This bill is designed to remove the current barriers in the Israeli financial sector in connection with financial information services and will allow clients to engage with a variety of service providers and increase their ability to compare between products and services in a more efficient and convenient manner. On the part of the financial information service providers, the bill intends to improve the ability to offer tailored service to clients, thus increasing their ability to compete.

At first, the bill will impose the requirement to provide financial information to service providers on banks, credit card companies and deposit and credit associations. Such requirement may also expand in the future to other financial entities. Providers of financial information will be required to obtain a license from the Israeli Securities Authority (financial entities such as banks, credit card companies and deposit and credit associations are exempt).

The bill is subject to comments from the public until July 15, 2020 and current intention of the Ministry of Finance is to approve the bill as part of the 2020 Economic Policy Law (i.e. the “Arrangements Law - חוק ההסדרים”)

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