

November 28, 2023

## New Regulation in Israel – Payment Services and Payment Initiation Law

### Client Updates

Commencing in June 2024, significant amendments will impact foreign Payment Service Provider corporations operating in Israel under specific exemptions. **These corporations, holding valid payment service licenses from recognized jurisdictions, must submit a license application to the ISA by September 2024 to ensure continued operations.** Businesses that comply can maintain their operations during the license approval process.

We are pleased to present a comprehensive overview of the Regulation of Payment Services and Payment Initiation Law – 2023 ("**the Law**"). On June 6, 2023, this new law was published to regulate payment and payment initiation services in Israel. The Law, influenced by Europe's PSD2 regulations, aims to promote competition and innovation in the payment services market while ensuring comprehensive regulation.

The Law covers various aspects, including licensing, supervision, exemptions, consumer protection, and asset safeguarding. It designates the Israeli Securities Authority as the regulator overseeing payment service providers. Major payment service providers, such as banks and credit card companies, remain under the supervision of the Bank of Israel.

### Israel's payment services regulation key points highlighted in the attached presentation include:

1. **Purpose of the Regulation:** Understanding the key objectives of the Law in Israel, including market competition and consumer protection.
2. **Key Definitions:** Clarifying important terms and definitions in the payment services industry, such as payment accounts, payment transactions, payment instruments, and payment services.
3. **Licensing Obligations:** Exploring the licensing requirements and exemptions for entities engaged in payment services, including basic and advanced payment initiation services.
4. **Promoting Competition:** Highlighting the importance of promoting competition in payment services, requiring engagement between various entities and facilitating integration for small entities and fintech companies.

Our [financial regulation](#) team at Gornitzky & Co. has extensive experience supporting payment service providers. We are ready to assist you with inquiries and consultations, ensuring a seamless transition in response to these evolving payment services regulations.

## Key Contacts



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