



STATE OF ISRAEL
MINISTRY OF FINANCE

F

(Dinner)

**Liberalization Processes and Reforms in Israel's Financial
System**

Chairperson,

Dear Colleagues,

Israel's financial system is undergoing rapid reform-driven change to increase Israel's financial openness to the world and greater competitiveness, efficiency, and stability.

The pension reform carried out in 2003, reduced the pension funds' structural risks, brought the actuarial deficits of the old funds into balance and made them more market-oriented.

Following reforms in the government bond market in 2006, **the introduction of Primary Dealers into this market including major international banks, have increased competition in the domestic bond market** and facilitated foreign institutional investors' entry into the Israeli market.

This was complemented by separating provident and mutual funds from banks, and by doing so, decentralizing the capital markets, allowing other financial players into the market.

Recently, I appointed an inter-ministerial committee to further modernize and reform Israeli markets, through enhancing regulation and taxation systems. This, in turn, would result in a more competitive, open and effective financial market, attracting global investors, and enabling it to become a growth engine for the economy.

While Banking and insurance regulators are moving towards the application of international capital and solvency standards as presented in Basel II and Solvency II, The current financial crisis reminds us of the need to intensify international cooperation between supervisory authorities to strengthen the stability of the international financial system.

In our view there is a need to promote a policy of mutual recognition among supervisors in order to enhance supervision and enforcement, providing further financial security and facilitation to the public, and gain public support for further liberalization and associated structural reforms.

This could be accomplished also by enhanced cooperation between OECD and other international organizations, Promoting OECD works with parliamentarian and stakeholders, Promote further consultations with civil society organizations, And initiate national and multilateral discussions on reform issues.

Thank you,