

POLICY BRIEF



MILKEN INSTITUTE

FINANCIAL INCLUSION

INCREASING ACCESS FOR UNDERSERVED

POPULATIONS IN ISRAEL

JUNE 2013

ACKNOWLEDGMENTS

We gratefully acknowledge Citi Microfinance and the Citi Foundation for providing the grant that made this report possible. We would also like to thank those who participated in the workshop on which this report is based. Thanks to Steven Zecher, Maya Zuckerman, Melissa Bauman, Edward Silver, Davida Lachman-Messer, and Glenn Yago for their work on this report.

ABOUT THE MILKEN INSTITUTE

A nonprofit, nonpartisan economic think tank, the Milken Institute believes in the power of finance to shape the future. The Milken Institute produces rigorous, independent economic research — and maximizes its impact by convening global leaders from the worlds of business, finance, policy, academia, and philanthropy. By fostering collaboration between the public and private sectors, we transform great ideas into action.

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The Milken Institute Israel Center focuses on developing market-based solutions to the nation's greatest challenges as it transitions from a start-up nation to a global nation. Through the Milken Institute Fellows program, we train some of Israel's best and brightest young professionals in creating pragmatic financing and economic policy solutions, and then deploy them as resources to government ministries, nonprofits and other key organizations. Our applied research and Financial Innovations Labs® serve as a launching pad for transformative change, using innovative financing mechanisms, programs and policies to bridge social, regional, economic, and technological and productivity gaps within Israel and between Israel and the world. Our goal is to accelerate Israel's economic growth, build its human capital and cement its role as a pioneer in addressing global challenges in water, food, education, health, and energy with solutions that others can replicate.

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Background

This report provides an overview of a policy workshop that explored how to improve financial inclusion for underserved and disadvantaged populations in many emerging and developed markets around the world. The workshop, convened by the Milken Institute Israel Center together with the Citi Foundation on February 26, 2013, in Jerusalem, looked at best practices from around the world and drew on the expertise of policymakers, practitioners, and funders involved with Israel's distressed populations.¹ (See Appendix A for the workshop agenda and Appendix B for the list of participants.)

In addition to the workshop, MIIC reviewed the financial inclusion policy issues with key policymakers, including the governor of the Bank of Israel, supervisors of banks at the Bank of Israel, director general to the Ministry of Finance, commissioner of capital markets, insurance and savings, senior deputy accountant general, and Prof. Manuel Trajtenberg, the head of the government commission to develop strategies on social justice. These meetings were an important part of the policy development process and each of the participants was engaged and receptive to the sets of solutions.

The purpose of this project is to initiate a process in partnership with policymakers and practitioners to focus on the necessary steps that need to be taken to introduce relevant legislation, as well as to implement the infrastructure needed to develop microfinance, micro-business and other financial inclusion products and services in Israel.

¹ The problems of credit distribution were largely left unaddressed by previous reforms as we have pointed out in the research by the Milken Institute: Maya Haran and Gila Weinberger, "Evaluation of the Status of the Implementation of the Bachar Reforms," Milken Institute Fellows Research Report, No. 69, November 2012 and Guy Ben-Ishai and Glenn Yago, "Financing SME's and Banking Competition," Milken Institute Research Report, March 2010. Deputy Accountant General and Prof. Manuel Trajtenberg, the head of the government's commission to develop strategies on social justice. These meetings were an important part of the policy development process and each of the participants was engaged and receptive to the sets of solutions. As part of the preparation for the workshop, the Milken Institute reviewed the findings and recommendations of the Bank Competition Committee Interim Report, prepared by the Supervisor of Banks, Bank of Israel, in July 2012. The Supervisor of Banks issued the final report on March 18, 2013.

Context

Important ingredients for economic participation are credit and capital. However, significant segments of Israel's population are not able to participate in the economy, limited by a variety of barriers to such financial resources. The limitations are complex, but not impossible to overcome.

Israel's banking sector is highly concentrated. According to Milken Institute Israel Center's research, five banks account for 95% of trade credit and two banks account for 65% of the commercial credit. Furthermore, small and micro businesses represent 96% of all businesses in Israel, employ 60% of the workforce but receive only 20% of bank financing. This mismatch in supply and demand for credit is a distinct market failure.

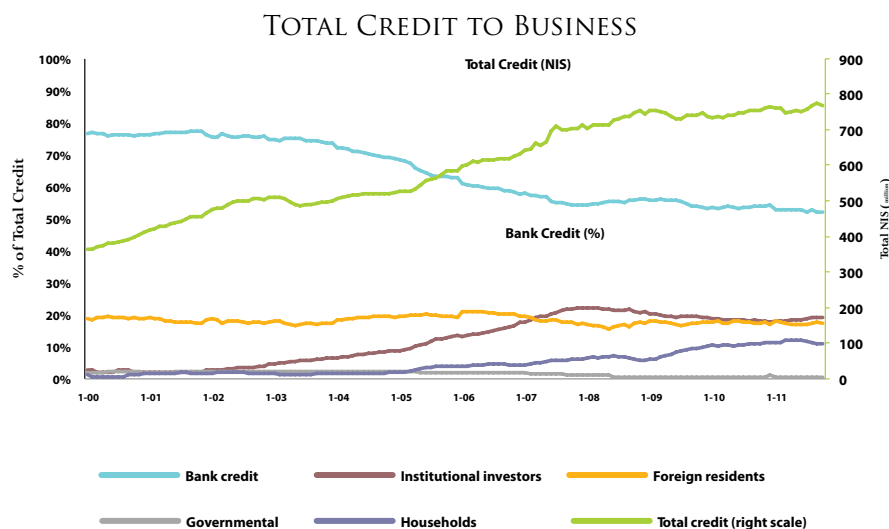
According to an inter-ministerial report regarding credit conditions since the implementations of the Bachar Commission in 2006, while total credit for business rose in Israel, the portion provided by banks has declined significantly. The difference has been made up by non-banking institutional funding which has been focused primarily on top tier corporates and large scale project financing but not on small or micro business.

On average over the last seven years, over 20% of Israeli households have been classified as poor. For this population and others, asset poverty (the inability to remain solvent for a period of three months) is much higher. These factors create structural economic barriers to the creation of business enterprises for such populations.

FIGURE

1

Credit supply and source trends



Source: Maya Haran and Gila Weinberger, "Evaluation of the Status of the Implementation of the Bachar Reforms," *Milken Institute Fellows Research Report*, No. 69, November 2012.

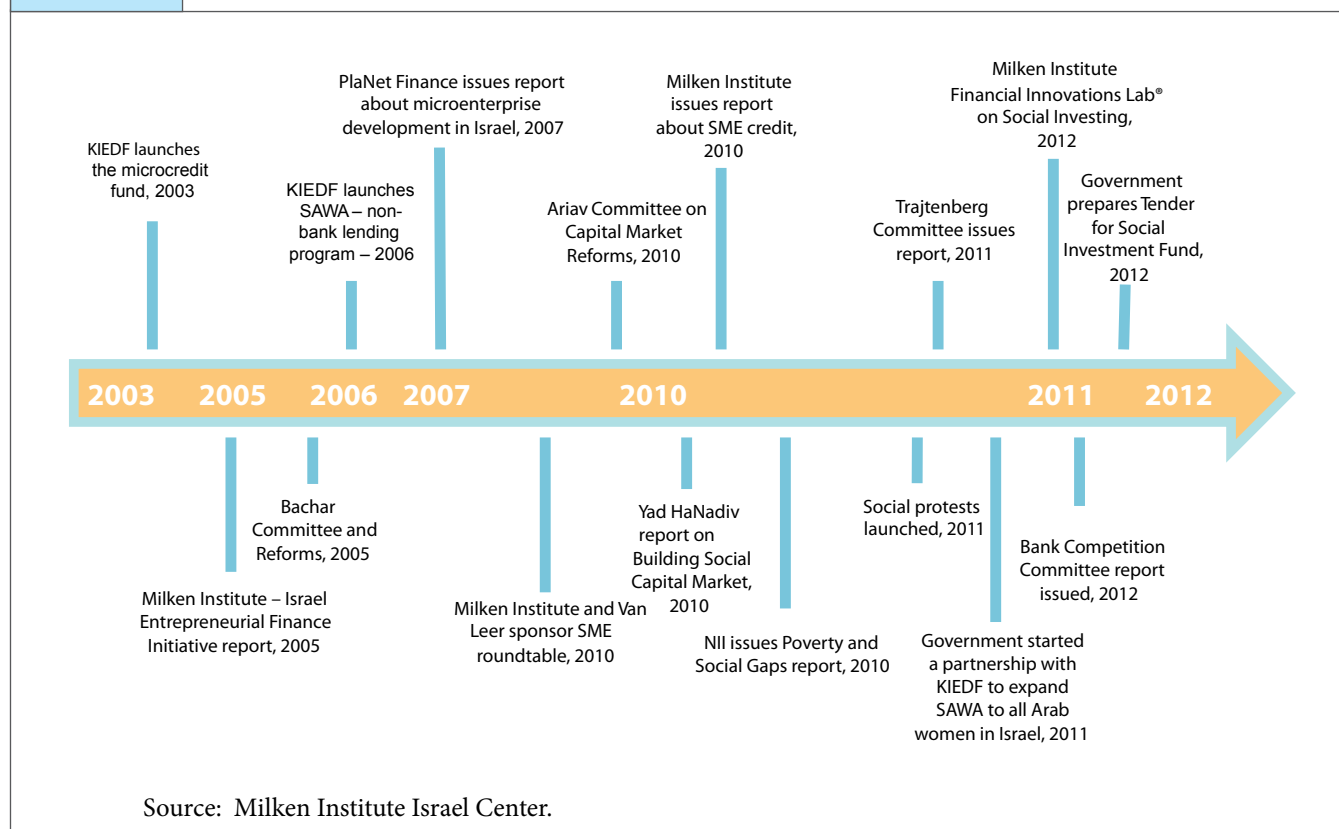
In 2007, a study conducted by PlaNet Finance documented the characteristics of micro-enterprise businesses in Israel. It found that the vast majority (80%) are self-financed, and that only 2% have tangible real property to utilize as collateral, creating a limited capacity for bank lending. Based on work by Chagit Rubinstein, the microfinance program manager at the Koret Israel Economic Development Fund (KIEDF), the supply of micro-enterprise loan facilities for Israel's distressed populations (women, Arabs, ultra-Orthodox, etc.) is underfunded.

Microfinance began in Israel in 2003 when KIEDF launched the first dedicated fund. Since that time various initiatives have taken place including most recently Milken Institute's Financial Innovations Lab® on social investing in May 2012. Indeed, since the street protests of 2011, issues of **financial inclusion, social justice, and economic participation have moved up the ladder of public policy debate.**

This initiative by Citi Foundation is another important step in this timeline, bringing into sharper focus the barriers and opportunities around financial inclusion for distressed populations.

FIGURE
2

Micro and small business policy development timeline



Barriers

The barriers facing the introduction of new measures for financial inclusion can be broken down into four main categories: market, financing, institutional, and regulatory. Following is an outline of these barriers.

Market

- Limited interest and competition among banks
- Concentration (loans and credit cards owned and controlled by banks)
- Gray market (absorbs market share and erodes financial incentive for regulated players)
- Lack of confidence among participants (borrowers and banks)
- Lack of detailed information on underlying poverty

Financial

- Limitations on risk adjustment (risk/return)
- Operational cost shortfall due to interest rate cap
- Profitability (limited incentives)
- Very limited funding sources or models

Institutional (banks and others)

- Capacity – platforms, accessibility
- Ability – expertise with micro enterprise and credit market

Regulatory

- Interest rate cap
- Deposit and lending restrictions
- Limited credit scoring (no positive screening)
- Sources of funds – institutional (raising and investing) philanthropy - no deductions for philanthropic investment

This summary of barriers is based on a detailed analysis and presentation at the workshop by Davida Lachman-Messer, a Senior Fellow with the Milken Institute Israel Center.

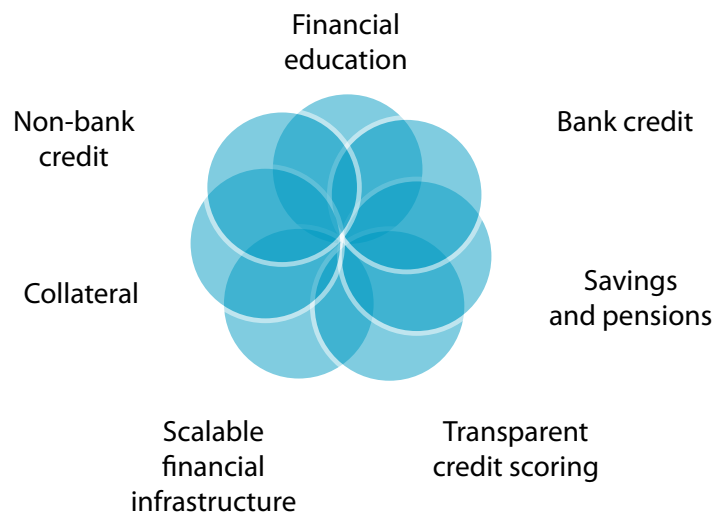
Financial Inclusion Ecosystem

Robert Annibale, global director of Citi Microfinance and Community Development, presented several models of financial inclusion. These financial inclusion strategies rely on a delicate, sustainable balance of financial education, banking, and alternative financial services (such as savings, credit cards, and credit), transparency, and borrowers' growing financial capacity. Successful strategies around the world use most of these factors to build practical solutions.

Appendix C includes selected materials from Annibale's presentation about relevant best practices.

FIGURE
3

Financial inclusion ingredients



Source: Milken Institute Israel Center.

Possible Solutions

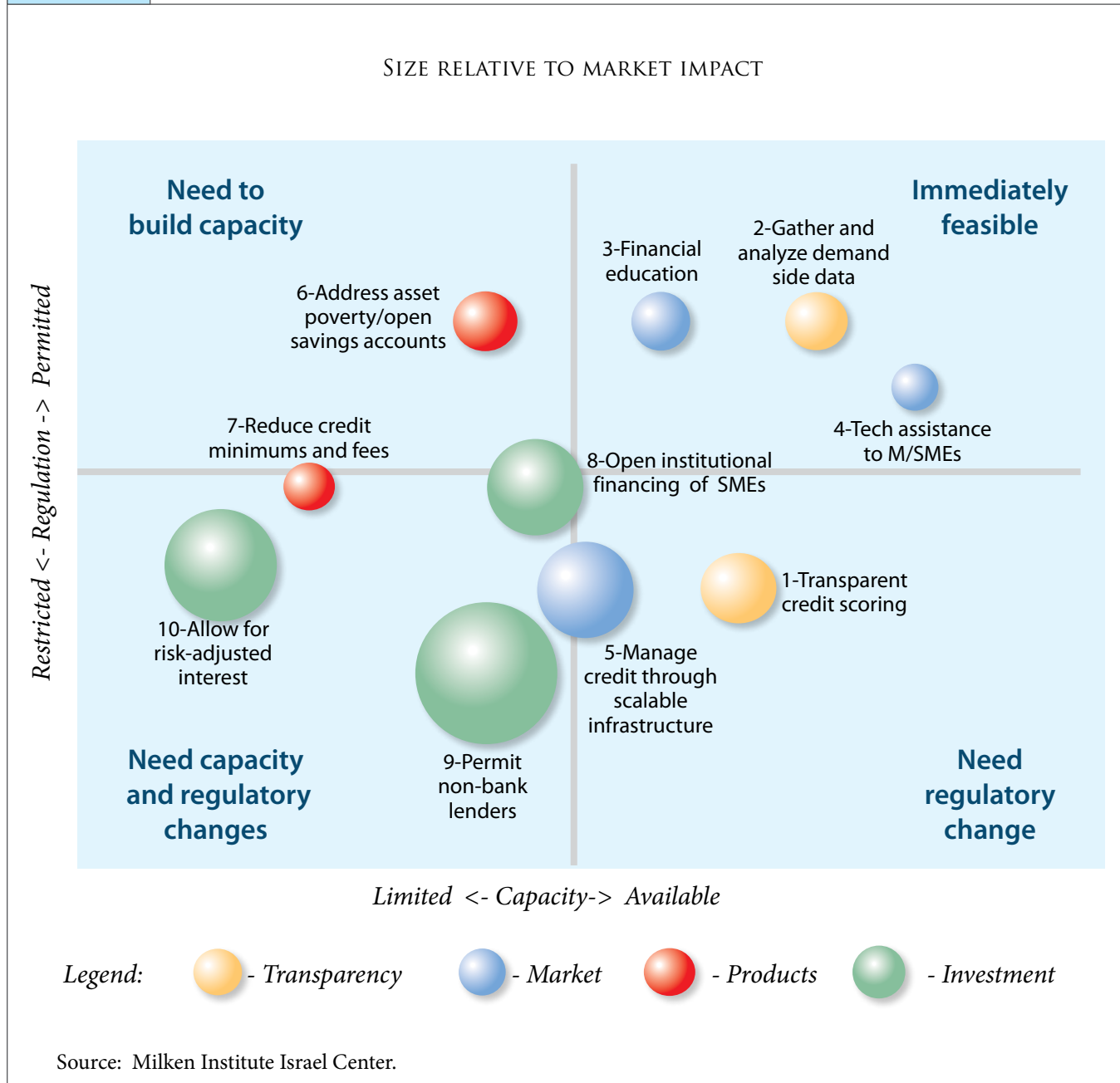
Based on the discussion in the workshop and additional analysis and follow-up conducted by Milken Institute Israel Center, an initial set of solutions to the barriers were identified. They are grouped into several clusters: increasing transparency, expanding the market, designing new products, and attracting new money. Following is a description of each of these clusters and the 10 policy or program solutions:

1. **Transparency** includes most of the data-related aspects of financial inclusion. For example, (1) disclosures about credit scoring, both positive and negative scores, are a solution to opening credit to financially underserved and disadvantaged populations. Another solution is the (2) availability and reporting of data about disadvantaged populations and asset poverty. Many aspects of poverty are measured. However, the working poor are often missed in poverty statistics. Asset poverty, which is one of the key barriers to financial inclusion opportunity, is not measured at all in Israel. So, creating measures of asset poverty is an important solution.
2. **Expanding the market** refers to enlarging demand among disadvantaged populations for access to financial services and products. Solutions in this area include (3) financial education, (4) technical assistance, and (5) portals for financial services through existing and scalable infrastructure, such as the Postal Bank and retail banks.
3. **Design of new products** is a cluster of solutions that address the mismatch between conventional banking and credit services and the disadvantaged populations. For example, the lack of savings accounts, the fees for documentation of credit, and the minimum size of bank credit, all create problems. So, solutions are available to address these problems, such as using (6) community organizations to organize savings programs and (7) reducing the minimum size for qualifying loans and applicable fees.
4. **Attracting new money** is an important set of solutions. This is related to increasing the pool of capital available for credit. There are a number of regulatory barriers that need to be overcome. While bank credit has declined since the banking reforms in 2006, the growth of institutional financing has increased, though not for small business. Creating new mechanisms for institutional funding (8) for small businesses should be a new initiative. In addition, these include (9) allowing and encouraging the creation of non-bank lenders, such as community development financial institutions, and (10) allowing for risk-adjusted pricing of loans. These solutions will lead to the creation of new, attractive, and competitive sources of money for the emerging markets among disadvantaged populations.

Within each of these clusters, we are highlighting possible priorities to pursue. These are not the only solutions, but they represent a good initial set of the solutions needed to create a sustainable ecosystem for financial inclusion.

FIGURE
4

Mapping selected solutions



Further, many of these solutions involve regulation and operational programs across multiple government ministries. Most importantly, this new approach involves building capacity in government, banking, and community-based institutions involved in helping distressed populations. Figure 4 illustrates some of the key solutions and how they compare, relative to current regulation, current capacity, and potential impacts of financial inclusion for disadvantaged populations.

Based on analysis in Figure 4, the initial solutions can be broken into the following categories and likely phases:

Phase One - Immediately feasible

- Initiate financial education for disadvantaged populations.
- Compile detailed data about market, including disadvantaged populations.
- Provide technical assistance to micro and small business enterprises.

Phase Two – Need regulatory changes

- Transparent credit scoring, including positive and negative reports.²
- Manage credit through scalable infrastructure.

Phase Three – Need increased capacity

- Open saving accounts for disadvantaged populations.
- Measure asset poverty. With the placement of a Milken Institute Fellow, we are beginning this work at the Ministry of Welfare, including definitions, measurements, and new program initiatives.
- Reduce credit minimums, allowing banks to lend to micro businesses with micro credits.

Phase Four – Need new capacity and regulatory changes

- Allow for risk-adjusted interest, permitting micro lenders to charge a rate commensurate with risk.
- Expand the range of permitted investment activities by institutional funds, including pension pools, to include small business lending.³
- Create and permit non-bank lenders, including community development financial institutions, credit unions, and bond banks.⁴

These initial solutions are selected from the full set listed in Appendix D. As this initiative moves forward, other solutions will be explored, analyzed, and prioritized.

Following the Milken Institute/Citi workshop, the Supervisor of Banks released a final report from a special committee that examined ways of increasing banking competition. While the draft report was issued in July 2012, several major additions were included in the final report, including transparency in credit scoring, lowering the limits and fees for small business credit, allowing institutional lending to small business, and allowing non-bank lenders to enter the market.

² Based on the Bank Competition Committee final report in March 2013, this is a change proposed to the government.

³ See Note 2. This recommendation is included in the Bank Competition Committee final report.

⁴ See Note 2. Portions of this solution are included in the recommendations by the Bank Competition Committee final report to the government.

Next Steps

After the workshop, Milken Institute identified steps to continue the effort to bring financial inclusion to distressed populations in Israel.

Activity	Expected Time Frame
Cluster solutions – transparency/research, regulation, public policy, new funding sources, scalable infrastructure, and market development.	Immediately following workshop through June 2013
Prioritize solutions – research program, legal, and financial issues for each solution set, including what can be achieved, what actions are required given capacity, feasibility, and impacts. Focus on identifying and building the most suitable infrastructure that can scale and reach sustainability.	June 2013 through September 2013
Place Milken Institute Fellows in 2013/2014 – accountant general and Bank of Israel to research and support the development of policy consensus on new models, new tools, and new laws/regulations.	October 2013 through July 2014
Create a Financial Innovations Lab® to delve more deeply and focus on building consensus on priority solutions, models, feasibility utilizing knowledge and experience of key decision makers, practitioners, interested parties and internationally established microfinance institutions.	January 2014

Appendix A

WORKSHOP AGENDA

Welcome	Ralph Shaaya, CEO, Citi Israel
Introduction - Context and Plan	Glenn Yago Senior Director, Milken Institute
Financial Inclusion – Definitions and Boundaries	Robert Annibale Global Director, Citi Microfinance and Community Development
Barriers in Israel	David Lachman-Messer, Milken Institute Israel Center
Israeli Programs and Gaps	Chagit Rubinstein – Microfinance Programs Manager, KIEDF
Models: International Programs and Practices	Robert Annibale Global Director, Citi Microfinance and Community Development
Potential Solutions – Discussion/ Next Steps/ Q&A	Glenn Yago Senior Director, Milken Institute

Appendix B

WORKSHOP PARTICIPANTS

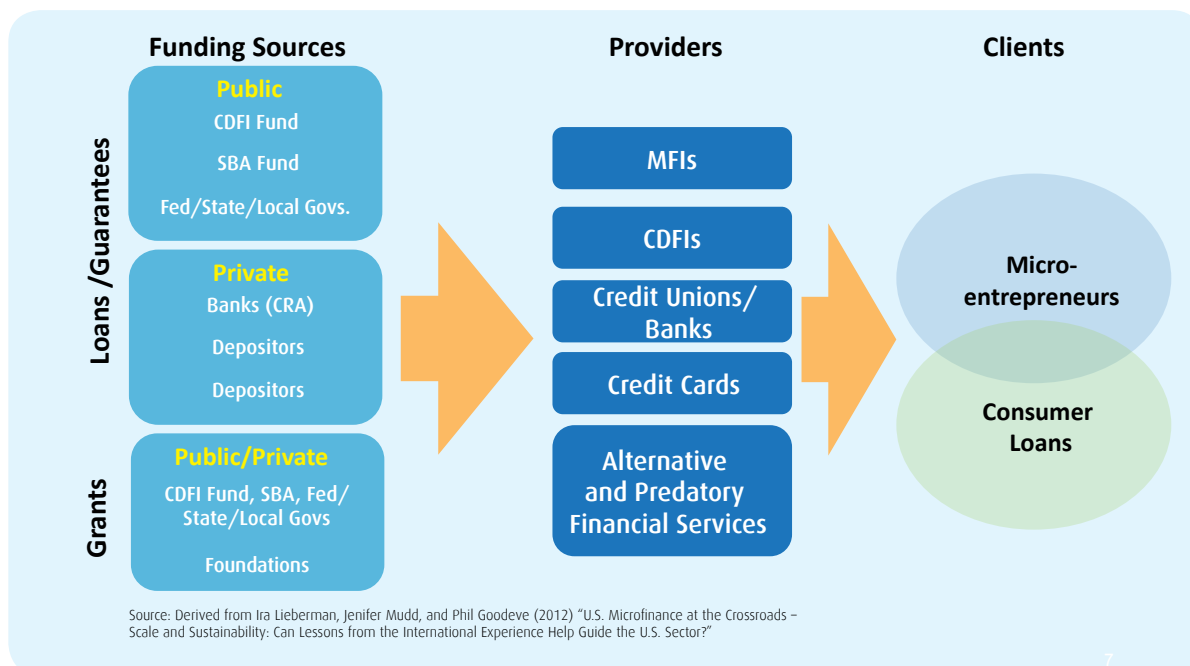
Participant	Affiliation
Robert Annibale	Citi Microfinance and Community Development
Anna Avital	Koret Israel Economic Development Funds (KIEDF)
Nissim Bar-El	Latet
Netanela Barkali	NIOI
Nir Ben Aharon	Small and Medium Business Agency, Ministry of Economy
Yoel Ben-Or	National Economic Council
Jeremy Bentley	Citi Israel
Tzach Berki	D&B Israel
Jordan Feder	Impact First Investments
Kinneret Granit	KIEDF
Ruti Gur	Women's Own
Meron Hacoheh	Ministry of Economy
Summer Jaber-Massaraa	Shatil
Eleanor Kalifzada	Israeli Institute for Economic Planning
Carl Kaplan	KIEDF – Koret
Eran Klein	Shatil
David Lachman-Messer	Milken Institute Israel Center
Sagit Lampert	Citi Foundation
Chen Lev	Budget Division, Ministry of Finance
Noga Levtzion Nadan	Greeneye (EIRIS)

Participant	Affiliation
Ran Melamed	Yedid
Yoni Meron	Supervisor of Banks, Bank of Israel
Orly Movshovitz-Landskroner	Milken Institute Fellows Program
Alice Nagele	Microfy
Assaf Noam	Ministry of Justice
Keren-Or On	Ofek
Yael Ovadia	Latet
Osher Perry	Portland Trust
Jonathan Porat-Lubensky	Greeneye (EIRIS)
Rinat Rigler	Citi Israel
Khawla Rihani	Women's Own
Irit Roth	Herzog, Fox & Neeman
Chagit Rubinstein	KIEDF
Ophir Samson	Social Finance Israel
Ralph Shaaya	Citi Israel
Aaron Tartakovsky	KIEDF
Limor Toussia-Cohen	Ministry of Justice
Dina Weinstein	PlaNet Finance Israel
Glenn Yago	Milken Institute
Itamar Yakir	Milken Institute Israel Center
Dalit Zamir	Ministry of Justice
Steven Zecher	Milken Institute Israel Center

Appendix C

BEST PRACTICES EXCERPTS FROM ROBERT ANNIBALE'S PRESENTATION

CREDIT FLOW IN U.S. MICROFINANCE



U.S. GOVERNMENT SUPPORT FOR SMALL BUSINESSES

- **Small Business Administration (SBA)**
 - Federal agency that provides support to entrepreneurs and small businesses
 - Numerous loan programs ranging from loan guarantees to microloans
 - Enterprise development and training programs
 - Federal contracting and business development programs
- **Community Reinvestment Act (CRA)**
 - Federal law enacted in 1977 to encourage financial institutions to meet the needs of borrowers in all segments of their communities, including low- and moderate-income (LMI) neighborhoods
 - Enforced through regular exams by federal financial regulators
 - Financial institutions must report lending, investment, and service volume
- **Community Development Financial Institution Fund (CDFI Fund)**
 - Established in 1994 as a new agency within the U.S. Treasury to increase economic opportunity in underserved communities
 - Provides investments, bond guarantees, tax credits, and training programs for the CDFI industry in the U.S.
 - Administers the certification process that certifies CDFIs in the U.S.

CITI AND SMALL BUSINESS IN THE U.S.

Access to Capital

Communities at Work Fund

- Over \$100 million of the \$200 million loan fund disbursed
- 209 loans committed by CDFIs to small businesses
- 3,898 jobs at the time of loan commitment
- 2,755 projected additional jobs created

Access to Products

Justine Petersen

- Offers innovative financial education program with a powerful credit-building product – a secured credit card
- 50 point average increase in client credit score
- 91.6% clients have never paid late

Adhering to Standards

CDFI Assessment and Rating System (CARS)

- \$1 million grant to develop the first automated financial performance data collection system
- Launched in 2012, CARS aims to remove information barriers to quality data for impact investors

Amplifying Partnerships

NYC Department of Small Business Services

- Partnership helps small businesses obtain technical assistance, financing and mentoring
- NYC Business Solutions connected business owners to nearly \$39 million in capital
- 623 NYC Business Solutions customers assisted in starting a business resulting in 2,250 jobs created

Appendix D

SOLUTIONS

The following list was compiled based on notes from the workshop and subsequent discussions with participants and policy leaders.

FINANCIAL INCLUSION WORKSHOP

Solution Sets

No.	Category	Solution/Idea	Requirements	Government Regulatory Bodies	Possible Actions
1	Attract New Money	Increase government funding support for loan programs for small business	Funding	MOITAL-SBA MOF- Accountant General	1. Research demand side 2. Design scalable program 3. Appropriate budget
2	Attract New Money	Use philanthropic endowments to capitalize micro credits and provide outreach to distressed populations	Program Funding Practice	Welfare MOF	1. Research examples 2. Create models
3	Attract New Money	Use bank licenses to leverage broader services	Law Regulation Practice	BOI	1. Regulation
4	Attract New Money	Create community notes (in place of deposits) to capitalize lending program	Program	BOI Capital Markets	1. Program development 2. Regulation
5	Attract New Money	Securitize loan receivables locally once scale is achieved	Law Program	BOI MOF-GA	1. Model feasibility 2. Regulation
6	Attract New Money	Raise capital through SIBs for targeted microfinancing programs aimed at eliminating poverty	Program	MOITAL Welfare MOF-GA, Budget	1. Identify measures 2. Quantify avoided costs 3. Model financing 4. Create budget mechanism
7	Attract New Money	Institutional funding for M/SME financing	Regulation Practice	MOF Capital Markets	1. Adopt Bank Committee recommendations 2. Change regulations 3. Implement new program
8	Attract New Money	Tax deductible contributions for M/SME lending	Law Regulations Practice	Corporate Taxation	1. Identify scale and scope of credit 2. Model fiscal impacts 3. Propose legislative/regulatory changes

No.	Category	Solution/Idea	Requirements	Government Regulatory Bodies	Possible Actions
9	Expand Market	Use deposit insurance to collect information on deposits and credit conditions	Law Funding Program	BOI MOF - Capital Markets	<ol style="list-style-type: none"> 1. Model and design new program 2. Implement program 3. Collect, analyze, and report information
10	Expand Market	Encourage the creation of savings accounts	Technical Assistance	NII Welfare	<ol style="list-style-type: none"> 1. Develop community-based support 2. Design supportive, sustainable infrastructure and needed incentives 3. Implement incentives
11	Expand Market	Improve financial education	Program	MOF Education	<ol style="list-style-type: none"> 1. Design programs 2. Target market programs and community support 3. Launch new targeted program initiative
12	Expand Market	Import European small business laws and practices	Law Regulation Practice	BOI Finance	<ol style="list-style-type: none"> 1. Research applicable laws and regulations 2. Develop white paper analyzing opportunities for Israeli translation
13	Expand Market	Distinguish between financial resources for households v. small business v. business	Policy	BOI	<ol style="list-style-type: none"> 1. Regulatory changes
14	Expand Market	Community education to overcome cultural barriers	Program	NII Welfare	<ol style="list-style-type: none"> 1. Design targeted programs
15	Expand Market	Create programs to build asset base of disadvantaged populations	Program	NII Welfare	<ol style="list-style-type: none"> 1. Research to define asset poverty 2. Model program initiatives 3. Model program impacts 4. Initiate new programs
16	Expand Market	Create credit access for self-employed	Program	BOI	<ol style="list-style-type: none"> 1. Identify needs 2. Design new regulation
17	Expand Market	Building national information platform based on existing tax data and surveys	Research Program Regulation	CBS	<ol style="list-style-type: none"> 1. Data collection 2. Research and analysis 3. Build information sharing
18	Expand Market	Portal for credit opportunities	Program	BOI	<ol style="list-style-type: none"> 1. Survey marketing channels 2. Design new/strengthen existing mechanisms 3. Implement new marketing portals

No.	Category	Solution/Idea	Requirements	Government Regulatory Bodies	Possible Actions
19	Expand Market	Gather and analyze demand side data	Research	NII Welfare	1. Build community support 2. Collect data 3. Analyze and report data
20	New Products and Services	Create government body to define and supervise micro-credit institutions	Law Program	MOF MOJ	1. Identify organization needs 2. Design organization and activities 3. Identify funding and operational plan
21	New Products and Services	Allow for non-bank community development financial institutions	Regulation	MOF	1. Adopt Bank Committee recommendations 2. Change regulations 3. Implement new program
22	New Products and Services	Allow for credit unions	Law	BOI Cooperatives Regulator	1. Adopt Bank Committee recommendations 2. Change regulations 3. Implement new program
23	New Products and Services	Create a credit card-based loan (separate banks from cards)	Law Regulation Practice	BOI	1. Research 2. Legislation
24	New Products and Services	Streamline bureaucracy and requirements to allow institutional funds to loan	Regulation	MOF- Capital Markets	1. Research 2. Regulation
25	New Products and Services	Raise the interest rate limit to allow for adjustments to risk	Law Regulation	BOI	1. Research 2. Model Impacts
26	New Products and Services	Expand non-bank credit market	Law Regulation	MOJ MOF	1. Research 2. Legislation
27	New Products and Services	Allow micro-credit institutions to provide financial services (e.g. deposits, savings, insurance, and pensions)	Law Regulation Program Practice	MOF BOI	1. Research 2. Model Impacts 3. Legislation
28	New Products and Services	Create credit rating tools for micro-credit institutions	Program	MOF BOI MOJ	1. Research 2. Legislation
29	New Products and Services	Use community-based institutions (e.g. religious) to build credit resources, credit monitoring, and financial services	Funding Program		1. Establish community-based support 2. Design program 3. Implement initiative

No.	Category	Solution/Idea	Requirements	Government Regulatory Bodies	Possible Actions
30	New Products and Services	Build scalable programs, aggregate credit services and activities to lower marginal costs	Program	BOI	<ol style="list-style-type: none"> 1. Identify program opportunities 2. Model sustainable programs 3. Involve existing institutions in program design 4. Modify regulation and program practices, as needed
31	New Products and Services	Separate screening and lending/credit management	Practice		<ol style="list-style-type: none"> 1. Identify program activities 2. Model program delivery 3. Change regulation, as needed
32	New Products and Services	Tech Assistance to M/ SMEs	Program Funding Practice		<ol style="list-style-type: none"> 1. Identify scale of need and delivery methods 2. Design program 3. Implement program initiative
33	New Products and Services	Distribute/manage credit through postal bank	Program Funding Practice		<ol style="list-style-type: none"> 1. Analyze regulatory and program needs 2. Model program delivery 3. Design and implement new program
34	Transparency	Create a community reinvestment program for banks – transparency and enforcement	Law		<ol style="list-style-type: none"> 1. Research and develop applicable banking laws 2. Design legislative initiative
35	Transparency	Broaden credit data law, allowing positive reporting	Regulation	MOJ MOF BOI	<ol style="list-style-type: none"> 1. Adopt Bank Committee recommendations 2. Change regulations 3. Implement new program
36	Transparency	Report credit by geography and demography	Regulation	BOI	<ol style="list-style-type: none"> 1. Identify data collection and reporting needs 2. Amend regulations to allow reporting
37	Transparency	Institute credit ratings for small business - <5 million NIS	Program	BOI	<ol style="list-style-type: none"> 1. Adopt Bank Committee recommendations 2. Change regulations 3. Implement new program
38	Transparency	Reform privacy protection laws to allow for sharing of financial statements	Law Regulation	BOI DOJ	<ol style="list-style-type: none"> 1. Change regulations
39	Transparency	Establish credit histories for disadvantaged populations	Regulation Program	BOI DOJ NII	<ol style="list-style-type: none"> 1. Identify data collection and reporting needs 2. Amend regulations to allow reporting



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