



## Client Update

# Revolution in the Field of Payment Services: Payment Services Law Approved in Fast-Track Legislation

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January 2019

Dear Clients and Friends,

**We wish to update you that on December 31, 2018, the Draft Payment Services Law, 5778-2018, was approved by the Israeli Parliament (the *Knesset*) (in a second and third reading), following an expedited and intensive legislation process.**

The new Payment Services Law will replace the Charge Cards Law, 5746-1986, and regulate the contractual relationships and consumer protection mechanisms that apply to the provision of payment services between the payment services provider and its clients.

The payment services providers include, inter-alia, banks, credit card companies, merchant acquirers, payment applications, processors, and others. The law shall apply in respect of all means of advanced payment services. Therefore, the law has a significant impact on these entities and on the field of payment services.

The law is based on the Charge Cards law, as well as the PSD2 European directive, and is expected to come into force one year after its formal publication.

**We note that in accordance with Section 47 of the law, the law will also apply to a foreign payment services provider, when it provides payment services to a client (individual or corporation) who is a resident of the state of Israel, if it directs its activity towards clients in Israel, all as detailed in the law.**

For this purpose, a payment services provider shall be regarded as directing its activity towards clients in Israel, taking into account the overall circumstances of the matter.

It should be noted that the memorandum of law published by the Ministry of Finance with regards to the supervision and licensing of payment services providers is still undergoing inter-



governmental discussions following public comment and is expected to be placed on the agenda of the next Knesset, after its establishment.

**Our office has been closely involved in all aspects of the legislation processes relating to the Payment Services Law, and the regulation regarding supervision and licensing over payment services providers, including participation in the Knesset committee's discussions, and commenting on the legislation drafts, all based on our vast experience in this field.**

To review the version of the law approved in second and third reading (in Hebrew) click [here](#).

To review the memorandum of law regarding the supervision and licensing of payment services providers (in Hebrew) click [here](#).

Please do not hesitate to contact us with any questions or if you require any clarification regarding any of the matters above.

Sincerely,

**Herzog Fox & Neeman**

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