Where startup nation is being left behind

The duality that exists in almost every aspect of life in Israel is also reflected online, especially on government websites

Analysis Sami Peretz

I had to quarantine for a few days due to COVID, so I tried to use the free time at home for errands I'd kept putting off.

I sat down and called the bank, but there was no response. I left my phone number and waited for a callback, which never came.

I also tried the bank's digital channel, where I was granted the opportunity to speak with Orit. I left her my details so she could get back to me. This too never happened.

An hour after I called, I received a text message from the bank stating: "Hello Sami, we would love to hear your opinion about the service you received

Ever since my bank encounter, I've been thinking about whether the digital revolution arrived ahead of the equally-necessary services revolution.

from our representative Orit at 'My Leumi.' Please press the following link to answer several short questions."

I clicked the link and, since Orit had never gotten back to me, left very negative feedback.

I imagined how my feedback would immediately set alarm bells ringing at the bank: all the strategic advisers would be summoned for an urgent management meeting, thinking of how to deal with this crisis.

Of course, to my great disappointment, none of this happened. I had to contact the online account from which the bank had sent me the message and write the following: "It's nice of you to ask for my opinion, and then receive such negative feedback. Yet you don't even bother to find out what the problem is."

Again, I hoped that someone would come to their senses and find out what all the fuss was about. To no avail.

Even now, the same digital account keeps sending me messages, but does not actually bother to find out what happened between me and Orit.

Since then, I've been thinking about whether the digital revolution arrived ahead of the equally-necessary services revolution. The horses are available, but they have not been harnessed to the cart. When will the connection be made?

In the business sector, the situation is relatively good. Despite my above experience with Orit, banks in Israel have come a long way in recent years and provide various top-quality digital services that save having to go to an actual branch. Ditto the health maintenance organizations (kupat holim), which have made tremendous strides and now provide online information and the ability to book appointments without the need to make a phone call (albeit with long waiting periods for seeing a doctor).

However, when it comes to Israeli government services, progress is much slower.

Last March, a policy paper dealing with the promotion and development of digital transformation in Israel

The National Insurance Institute, whose digital services were rated fairly high.   *Ofer Vaknin*

by 2030 was published by the Aaron Institute for Economic Policy at Reichman University, Herzliya. It revealed some grim and worrying findings regarding Israel's current situation. Researchers Hila Axelrad, Sergei Somkin and Shachar Haver investigated a social survey conducted by the Central Bureau of Statistics and found very low rates of people using government digital services who said it met their needs.

The top-ranking organization in the survey was the National Insurance Institute: 30 percent of those using its online services said their needs were being met. Far behind were the Population and Immigration Authority (part of the Interior Ministry) and the Finance Ministry, both with 12 percent; the Transportation Ministry with 10 percent; and the ministries of health and labor with 9 percent.

These are bleak figures that indicate the weakness of the online services operated by the government. By comparison, 61 percent of Israelis said that they use digital banking services, while 59 percent of businesses say they use online government services.

The researchers also found that, according to the UN E-Government Knowledgebase, startup nation is being left far behind by Denmark, Austria, Finland, Sweden and Ireland.

Israel lags behind

Compared to these countries, the percentage of Israelis who use online services to contact authorities is tens of percentage points lower. According to the OECD Digital Government Index, Israel scores especially low when it comes to the actual interface offered with its citizens. However,

the index did not take into account the user's ability, needs and comfort when such processes are designed.

These digital setbacks have negative effects on productivity as well as social disparities, which may even have been exacerbated during the COVID crisis.

The Israeli researchers believe the government has a critical role to play in promoting greater digital transformation in financial investment, removing barriers, digitizing all government offices and supporting the private sector in making payments, obtaining permits and promoting wide digital literacy.

Axelrad says the government must develop a strategy for the next decade and close the gap in the required financial investment (between 3.7 billion shekels in the 2023 budget and 4.9 billion shekels in 2030).

The government must do so while increasing the rate of investment from GDP and detailing exactly where to invest the money.

"All government offices have to work together. It's not that a certain CEO solely decides to improve the service and sets it in motion single-handedly," Axelrad says. "Many times, cooperation between several units is required, and it's challenging to get everyone on the same page. Working relations and labor unions are also an obstacle. To introduce changes, their consent is required, and it doesn't always go smoothly. And there's another barrier too, as sometimes there's a problem with the manpower itself. It doesn't have to be technologically inclined, but there has to be an understanding of the possibilities and capabilities of the manpower we have to know what we can demand of it."

The impressive achievements of the Israeli hightech industry create not only an annual flow of billions of dollars for investments, but also dozens of delegations of curious professionals, researchers and senior officials from all over the world. They come here to learn and closely study the secrets of success, maybe even in order to replicate them elsewhere.

The Israeli government has every reason to host these delegations and celebrate its success. Yet this needs to come with the condition that all our high-tech achievements are actually contributing in real terms to areas such as exports, tax revenues, number of employees and having a positive effect on the balance of payments.

Indeed, when it comes to the question of how far startup nation is actually progressing in terms of public service, there is much less to be proud of. This reflects

the duality which exists in almost every aspect of life in Israel. There are extreme differences between those who are at the forefront of the economy and those who have not caught up yet. It's a task that should not create any political controversy, yet political instability can certainly push it off the government's list of priorities.

If we want to understand to what extent this has become a nonpriority, we should only note the speeches and statements of Likud MK David Amsalem, Israel's last minister for cyber and national digital matters. If we study his statements, we will find almost nothing there except political confrontations and his opinions regarding then-Prime Minister Benjamin Netanyahu's legal battles. The Lapid-Bennett government dismantled this unnecessary office, but it has also not done enough to promote digital transformation.

A branch of Bank Leumi.   *Roman Yanushevsky/Shutterstock.*