

The Impact of Financial Innovation and Digitalisation on Deposit Insurance Systems and Forward Agenda

Preliminary Views

Digitalisation and emerging technologies are transforming both the financial sector and the operations of deposit insurers worldwide, creating new efficiencies as well as risks that warrant careful attention.

The rapid evolution of digital financial products, including e-money, stablecoins, tokenised deposits, and central bank digital currencies, is reshaping the deposit-taking landscape and raising questions about the perimeter and operationalisation of deposit-insurance coverage. New market entrants and changing depositor behaviour are reshaping the channels through which deposits flow, with potential implications for deposit volatility and stickiness. Technological advancements such as automation, artificial intelligence, cloud computing and quantum computing offer powerful new tools for deposit-insurance operations while introducing operational, third-party and cybersecurity risks that must be carefully managed. These changes carry efficiency and inclusion gains, but also introduce complex challenges for deposit insurance systems and for financial stability.

In early 2026, IADI conducted a public consultation on its Report on the Impact of Financial Innovation and Digitalisation on Deposit Insurance Systems and convened the IADI Digitalisation Roundtable at the Bank for International Settlements on 25 February 2026. The consultation closed on 16 March 2026. IADI thanks consultation respondents and the participants in the Digitalisation Roundtable for their valuable contributions. Together, the consultation responses and the Roundtable's deliberations generated insights on where deposit insurance and financial innovation now intersect, and on what continuing work is called for to support IADI members in adapting to the evolving digital financial landscape.

This document summarises the principal findings of that work and identifies the themes that will guide IADI's continuing analytical and policy activities going forward: the digital products at the perimeter of deposit insurance; the new market entrants and the changing behaviour of depositors; the technology environment of deposit-insurance operations themselves; and the cross-cutting question of public awareness.

The changing landscape - findings

- Digital products at the perimeter of deposit insurance.** Innovative digital financial products, including e-money, stablecoins, tokenised deposits, and central bank digital currencies, are evolving rapidly and unevenly across jurisdictions and may blur the boundaries of conventional deposit-taking activities, raising questions about their treatment under deposit insurance frameworks. The substantive forms these products take vary; the institutions that issue them range from licensed banks to non-bank entities outside the conventional regulatory perimeter; and the regulatory treatment they receive differs across jurisdictions. The 2025 revision of the IADI Core Principles of Effective Deposit Insurance Systems shift to a functional definition by defining deposit-takers by what they do rather than by what they are called. They now provide a framework within which national authorities can address these questions. The application of the framework in any given jurisdiction is now the work in front of the deposit-insurance community.
- New market entrants and changing depositor behaviour.** The activities of non-bank financial intermediaries, neobanks, fintechs and BigTech firms are reshaping the channels through which deposits reach insured deposit-taking institutions and the channels through which they leave. Banking-as-a-service arrangements, deposit-placement platforms and embedded-finance offerings reach customers through models the original deposit-insurance framework was not designed to anticipate. Concurrently, depositor behaviour is changing. Digital-savvy depositors increasingly demand instant access to their funds, diversify their assets across providers and products, and react quickly to changing conditions through digital channels. Deposit "stickiness" is declining, and deposit volatility may be heightened during periods of stress.
- Technology in deposit-insurance operations.** Technological advancements are reshaping the operations of deposit insurers themselves. Digital data access and automation can enhance efficiency in premium assessments, risk monitoring and depositor reimbursement processes, while requiring robust safeguards against operational and cybersecurity risks. Social media can serve as both an early-warning tool for financial distress and a channel for public awareness, while presenting risks of misinformation and accelerated deposit withdrawals. Cloud computing offers scalability and cost efficiency but introduces vulnerabilities including operational risk, vendor concentration and cybersecurity threats. Artificial intelligence can transform risk assessment, fraud detection and resolution planning, while raising questions about model risk, third-party dependence and ethical use. Quantum computing, on the longer horizon, offers significant analytical opportunities while posing a credible threat to current encryption standards. The 2025 Core Principles' new Principle 4 on Business Continuity Management provides a framework within which deposit insurers can address these issues.
- Public awareness.** A cross-cutting concern that emerged from the consultation and the Roundtable is the risk of public confusion about deposit insurance coverage in an increasingly complex digital environment. Where retail depositors cannot easily distinguish between insured deposits and uninsured digital financial instruments — between, for example, a deposit at a licensed bank and a stablecoin offered by a digital wallet provider — the risk of misallocation of trust is real. The risk has potential consequences both for individual depositors, who may have less protection than they believe, and for financial stability, where confusion may produce unanticipated transfers between insured and uninsured products at moments of stress.

The forward agenda: themes for continuing work

IADI's mission is to support the effectiveness of deposit insurance arrangements worldwide, to contribute to global financial stability, and to provide a forum for cooperation among deposit insurers and other safety-net participants. Five substantive themes emerge as priorities for IADI's continuing work and define how that role will be discharged in the face of digital innovation.

Monitoring markets and regulatory developments

The pace and unevenness of innovation in digital financial products, including digital deposit substitutes, and the activities of non-bank intermediaries make regular monitoring of these developments an essential foundation for any further deposit-insurance work. The forms these products take, the institutions that issue them and the regulatory treatment they receive across jurisdictions evolve on different timelines and in ways that bear directly on the perimeter of deposit insurance. To support its policy work and that of its members, IADI will continue to engage with its Members, industry participants, regulators, technology experts and other international stakeholders to maintain a current understanding of these developments. IADI will be exploring approaches to monitoring these developments, with an initial focus on e-money, stablecoins, tokenised deposits and the activities of non-IDTI intermediaries that bear directly on deposit insurance systems.

Clarifying and operationalising coverage

Ambiguity in deposit insurance coverage poses significant risks—undermining depositor confidence, enabling regulatory arbitrage, and exposing deposit insurers to unintended liabilities. While a globally harmonised definition of “insured deposit” may be neither feasible nor desirable, IADI is committed to improving clarity to distinguish products that are insured deposits from those that are not, and to ease the operationalisation of coverage. Clearer boundaries support informed and transparent policy decisions on the scope of coverage, with appropriate risk-management safeguards, adequate pricing mechanisms and consideration of moral-hazard implications. In the field of internationally multi-issued private currencies, IADI stands ready to contribute to coordination efforts that aim at mitigating the risks for deposit insurance of potential divergence in regulatory treatment. Evolutions in business models and the growing relevance of non-IDTI intermediaries require careful analysis of the multiple failure scenarios that may arise. For those scenarios most relevant to its members, IADI's continuing work will focus on the identification and resolution of risks and impediments to members' ability to deliver on their mandate, including work on record-keeping, beneficial ownership, data access and other governance-related requirements.

Public awareness and communication

In an increasingly complex digital environment, confusion over deposit insurance poses a significant risk, making clear communication about insurance, covered institutions, and protection mechanisms essential for financial stability. The distinction between insured deposits and uninsured digital financial instruments needs to be made explicit and easily understandable to retail depositors. Building on the work to clarify and operationalise coverage, IADI sees value in coordinating efforts between public and private stakeholders to standardise disclosures and to reduce deceptive or

misleading practices. IADI will continue to support its members in addressing the risk of public confusion regarding the protection of funds held through digital platforms, mobile banking applications and new payment methods.

Collaboration and coordination

The cross-border nature of digital innovation necessitates a coordinated response among deposit insurers and other financial safety-net participants as well as close collaboration with international standard-setters, stakeholders, industry, and academia to ensure consistent regulatory treatment, address emerging risks, and safeguard financial stability. The cross-border nature of digital innovation, and the way it can blur the boundaries between the banking system and the wider financial system, mean that the challenges of digital financial services cannot be addressed by deposit insurers in isolation. IADI will continue to strengthen its collaboration with other international standard-setters and stakeholders, including the Basel Committee on Banking Supervision, the Financial Stability Board, the International Monetary Fund, the World Bank and the regional financial stability bodies. Coordinated approaches are necessary to address cross-border challenges, to establish consistent regulatory treatment of new products and providers, and to ensure that emerging risks to financial stability receive comprehensive attention from the broader international financial-architecture community. IADI will also explore deeper engagement with industry, technology experts and academic institutions on the most operationally consequential questions identified in the consultation and the Roundtable.

Operational resilience and technological capability

IADI will promote operational resilience among deposit insurers by serving as a hub for best-practice exchange on business continuity, real-time risk monitoring and data analytics, responsible AI-use for risk assessment and early-warning systems, and rapid digital reimbursements, while urging members to strengthen technological capabilities, integrate digitalisation-related risks into strategy, and prepare for emerging threats. The 2025 Core Principles establish an operational-resilience expectation for deposit insurers themselves and IADI will continue to encourage its members to enhance operational resilience and technological capabilities, to integrate digitalisation-related risks into their strategic planning, and to prepare for emerging threats.