



World Council

March 16, 2026

International Association of Deposit Insurers
c/o Bank of International Settlements
Centralbahnplatz 2
CH – 4002 Basel Switzerland

Delivered Via Email: consultation@iadi.org

Re: Impact of Digitalisation and Financial Innovation: Impact on Deposit Insurance Systems

Dear Sir or Madam:

World Council of Credit Unions (WOCCU) appreciates the opportunity to comment on the International Association of Deposit Insurers (IADI) initial report regarding the Impact of Digitalisation and Financial Innovation on Deposit Insurance Systems.¹ WOCCU is the leading trade association for the international credit union movement. Worldwide, there are over 67,000 credit unions in over 100 countries with USD 3.8 trillion in total assets serving over 400 million physical person members.² Credit unions and financial cooperatives fill a critical gap in the financial services market, especially reaching underserved communities. Not driven by profit, credit unions are member-owned, elect their board of directors from their membership and are committed to reinvesting earnings into the services they offer to keep consumer costs low.

We are encouraged by IADI's intentional focus on the impact of financial innovation on deposit insurance systems. We anticipate the development of stablecoins, tokenized deposits, Central Bank Digital Currencies (CBDC) and general advancements in artificial intelligence and other technology will impact credit union deposit insurance systems. It is important this conversation continues as technology evolves.

Credit unions and financial cooperatives worldwide encompass a wide range of deposit insurance systems. Many credit union systems such as in the United States, Australia and Ireland have well established deposit insurance systems that are administered by the national government and include identical coverage to retail banking institutions in the same jurisdiction. Other credit union systems such as in the Ukraine are in the process of establishing, regulating, and funding a deposit guarantee scheme. There are also credit union systems that do not have a deposit insurance system and continue to advocate for one while working within stabilization funds and other mechanisms to protect safety and soundness.

¹ See, IADI Consultation Impact of Digitalisation and Financial Innovation, available at: <https://www.iadi.org/uploads/IADI-Report-Impact-of-Digitalisation-and-Financial-Innovation-on-Deposit-Insurance-Systems.pdf>

² World Council of Credit Unions, 2024 Statistical Report (2025), available at https://www.woccu.org/documents/2024_Statistical_Report_EN



These deposit insurance system differences mean that credit union systems across the world will be impacted differently during this period of digitalisation and financial innovation. Our comments below focus on the common experience of credit unions, risks and opportunities, for both established and emerging deposit guarantee funds tied to the financial cooperative model. WOCCU welcomes the opportunity to continue this discussion with IADI, including a more detailed discussion of the impact digitalisation will have on the financial cooperative sector and its deposit insurance provisions.

Consumer Awareness and Preventing Confusion

The IADI report raises critical questions regarding public awareness and the understanding of the scope of deposit insurance systems. Credit unions and financial cooperatives have long experienced additional and unique education challenges regarding their deposit insurance systems. Even when the deposit insurance structure is identical to a bank in the same jurisdiction, awareness of a bank's deposit insurance system is often greater due to their increased size and presence in the market. It is likely that this education mismatch on deposit insurance will compound with the development of stablecoins and other forms of digital currency.

WOCCU is concerned that terminology used when describing these new advancements is confusing to a consumer. Describing a stablecoin in many jurisdictions as “backed by” or “pegged to” a specific fiat currency may lead to the false impression that it is equivalent to a deposit insurance system that is backed by the full faith and credit of a national government (up to a set limit). WOCCU agrees that should a loss occur in the private sector with stablecoin issuers or vendors, consumers may inaccurately tie that loss to traditional deposit taking institutions, impacting the confidence and perception of deposit insurance systems.

WOCCU believes this is an opportunity for public and private collaboration within the financial sector to increase general understanding and awareness of the scope of deposit insurance and to distinguish it from emerging products. There is also a need to evaluate IADI's Core Principle 10 as new language emerges to describe stablecoins and broader cryptocurrencies. WOCCU requests the international standard setters continue to update global standards on misleading or deceptive practices and encourage national governments to be active in their efforts to prevent abuse. Ensuring the public does not confuse deposit insurance systems with other forms of emerging offerings that are outside the scope of covered deposits must be a top priority.

Risks to Financial Stability and Depositors

The full impact of stablecoins on liquidity and other core components of financial stability are still unclear for the credit union industry. Credit unions have strong local relationships with their members, are trusted financial partners and are well capitalized. However, as IADI noted in the



report, there is a risk of insufficient regulations for stablecoin providers across different jurisdictions related to redemption rules, risk management, and capital buffers. These risks create challenges for credit unions in this connected global economy as it could increase the presence of disingenuous service providers and fraud to displace deposits held in local financial institutions.

IADI's questions throughout section 1.4 raise relevant concerns for the credit union deposit insurance system, especially those related to a retail CBDC impact on deposit displacement. Credit unions are more directly impacted if deposit displacement occurs given their cooperative model and more limited avenues for liquidity and capital. In jurisdictions where governments have launched or are nearing implementation of a CBDC credit unions continue to advocate for low holding limits in a central bank or private provider's digital wallet. Financial stability is best served by central banks continuing their long history of issuing the country's official currency, not providing deposit services for consumers. Central bank digital wallets must only serve as an immediate pass through to access CBDC. Higher holding limits in the digital wallet increases the risk that during times of economic stress a large number of depositors will withdraw money at the same time from retail financial institutions. These higher limits may exacerbate economic challenges, increasing the risk for the deposit insurance system.

Cybersecurity and Misinformation

WOCCU encourages the IADI to continually revisit the question of cybersecurity as stablecoins, tokenized deposits, CBDC and AI evolve. In this new environment, credit unions are partnering with third party vendors for their expertise and scale. Credit unions and vendors are also addressing the need for interoperability. These two components increase the exposure and points of entry into their systems. Financial institution systems grow more intertwined to facilitate faster payments and the movement of money making it more difficult to prevent cyber-attacks as more entry points into the financial system are outside of their direct control.

The sources of information and number of parties communicating with consumers also grows as does the speed of communication. IADI is correct in its assessment of the challenges social media now poses to public confidence and information consumers receive. Both third party "experts" (that may not be subject to the same regulatory scrutiny and fiduciary responsibilities) and social media increase retail financial institutions' challenge to ensure accurate information about the health of the financial system reaches depositors and confidence is not eroded.

WOCCU appreciates IADI's report and encourages it to continue the conversation with the credit union and other financial sectors as these developments continue. Preventing consumer confusion, financial stability and cybersecurity are critical points of emphasis for the credit union sector's deposit insurance systems. WOCCU agrees that there are both opportunities and increased risks from the growing usage of stablecoins, tokenized deposits, CBDC, AI and other



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technology. Thank you for your continued work on the impact of digital innovation to deposit insurance systems and considering the credit union's perspective to modernize global standards. If you have questions about our comments, please contact me at erinohern@woccu.org.

Sincerely,

A handwritten signature in black ink that reads "Erin O'Hern".

Erin O'Hern
International Advocacy and Regulatory Counsel
World Council of Credit Unions