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# **Deposit Insurance and Financial Inclusion: Current Trends in Insuring Digital Stored- Value Products**

## **Research Paper**

**Prepared by the Financial Inclusion and Innovation Technical Committee  
(Core Principles and Research Council Committee)**

**International Association of Deposit Insurers**

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## List of Abbreviations

CGAP	Consultative Group to Assist the Poor
CP	IADI Core Principles for Effective Deposit Insurance Systems
DSPs	Digital stored-value products
FSAP	Financial Sector Assessment Programs
GPII	Global Partnership for Financial Inclusion
IADI	International Association of Deposit Insurers
IHOST	IADI online survey tool
MNO	Mobile network operators
NBFI	Non-bank financial institutions
ODTI	Other deposit-taking institutions
TCFII	IADI Technical Committee on Financial Inclusion and Innovation

## List of Key Terms

**Digital stored-value products (DSPs):** financial products that allow consumers to store value in a digital format; this value can be added and drawn down by the owner of the funds and performs several of the functions of a deposit (payment, liquidity, value storage) regardless of the type of entity offering the product. These products are accessed through non-branch physical channels, which may include mobile phones, agents or correspondents, and digital transactional platforms. Products may include mobile money, card-based electronic money and internet-based electronic money, but do not include mobile banking, closed-loop stored-value gift cards, or virtual or crypto currencies.

**Financial safety-net:** a framework that includes the functions of prudential regulation, supervision, resolution, lender of last resort and deposit insurance.

**Offeror:** this term refers to any institution offering DSPs (including financial cooperatives and non-bank financial institutions), which may or may not have a banking licence.

**Non-bank financial institution (NBFI):** an institution authorised to collect deposits or savings that does not fit the definition of bank or financial cooperative. NBFIs include deposit-taking microfinance institutions, and other non-bank deposit-taking institutions.

### Approaches to deposit insurance for DSPs

According to Izaguirre et al. (CGAP, 2016), the wide range of DSPs and the differences in design and implementation of deposit insurance systems across jurisdictions make general prescriptions on the deposit insurance treatment of digital deposits and stored-value products challenging.

The CGAP has therefore identified three general approaches that encompass the decisions taken regarding the protection of DSPs by deposit insurance. These approaches have been accepted by IADI as a basis for this research project, and are as follows:

**Direct approach:** DSPs are directly insured by a deposit insurer and their providers must be or must become members of the deposit insurance system. According to Izaguirre et al., Colombia, India and Mexico have adopted this approach. These countries have not only permitted banks to offer insured digital stored-value products but have also created new specialised categories of prudentially regulated and supervised institutions that are allowed to offer such products, while being subject to less costly prudential requirements.

**Exclusion approach:** DSPs are explicitly excluded from deposit insurance coverage, although other measures to protect customers' stored value are adopted. The CGAP has highlighted Peru and the Philippines as countries that have adopted this approach, as policymakers there consider DSPs to be primarily instruments of temporary value storage to make payments or transfers. In addition, the definition of the term "deposit" specifically excludes DSPs, which is why they are not subject to deposit insurance protection.

**Pass-through approach:** Whereby deposit insurance coverage "passes through" a custodial account at a depository institution that is a deposit insurance member and holds customer funds from DSPs, to the individual customer of the offeror (although this offeror is not a deposit insurance member). According to the CGAP (2016), this is the most complex and least explored approach. It has been adopted in countries such as Kenya and Nigeria, for cases where DSPs are provided by non-financial firms such as mobile operators and technology companies.

## Executive Summary<sup>1</sup>

The rapidly evolving availability of DSPs as a mechanism to foster financial inclusion has raised the attention of deposit insurers, given their role in protecting small depositors. Although DSPs and deposits have similar characteristics from the consumer's perspective, deposit insurers are analysing the situation carefully as they could become involved in insuring DSPs under potential new scenarios that include non-bank providers outside the traditional financial system.

In addition, deposit insurers do not have a clear mandate in terms of promoting financial inclusion apart from the protection of small and unsophisticated depositors. Survey data show that deposit insurers are not actively involved in national arrangements to promote financial inclusion, and the decision to participate in these arrangements does not rely on them.

DSPs are not considered as deposits in more than three-quarters of the 51 jurisdictions that completed the survey, even though deposit insurers have recognised that member institutions are already offering these products.

In terms of the adoption of an approach to the coverage of DSPs, slightly over half of the respondent jurisdictions have formally adopted one of the three approaches; 12 have opted to cover these products and 10 have excluded DSPs from deposit insurance coverage.

When analysing how DSPs are being linked to compliance with the Core Principles, the data show that there are no specific liquidation processes for these institutions in most of the jurisdictions. They are not required to submit regular information to the deposit insurer and, despite it not being mandatory according to the criteria on funding, it was interesting to observe that no jurisdiction has created a separate fund to cover DSPs.

Finally, only six jurisdictions have specific requirements in terms of public awareness activities related to insured or non-insured DSPs.

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<sup>1</sup> Technical Committee was chaired by Juan Carlos López, Manager of Corporate Affairs and Communications of Fogafín, the Colombia Financial Guarantee Fund. Technical committee members represented the following institutions: World Bank; CGAP; Fogafín (Colombia); Deposit Insurance Corporation of Japan; Kazakhstan Deposit Insurance Fund; Kenya Deposit Insurance Corporation; Korea Deposit Insurance Corporation; Instituto para la Protección al Ahorro Bancario (Mexico); Philippine Deposit Insurance Corporation; Bank Guarantee Fund (Poland); Deposit Insurance Agency (Russian Federation); Central Deposit Insurance Corporation (Chinese Taipei); Financial Services Compensation Scheme (UK); Federal Deposit Insurance Corporation (US); and Deposit Protection Corporation (Zimbabwe).

## I. Introduction

According to the World Bank’s 2017 Global Findex Database, 515 million adults worldwide opened an account at a financial institution or through a mobile money provider between 2014 and 2017. This means that, as of 2017, 69% of the world’s adult population now have an account.<sup>2</sup>

While the use of digital technology can be considered an important element to increase financial inclusion, the 2017 Global Findex states that “digital technology alone is not enough to increase financial inclusion. To ensure that people benefit from digital financial services requires a well-developed payments system, good physical infrastructure, appropriate regulations, and vigorous consumer protection safeguards”.

The rapidly evolving offer of digital stored-value products<sup>3</sup> (DSPs), a type of product offered to foster financial inclusion in several jurisdictions, led the International Association of Deposit Insurers (IADI) Technical Committee on Financial Inclusion and Innovation (TCFII) to carry out a comprehensive review of practices with regard to the coverage of DSPs, and to document the challenges emerging for jurisdictions which have decided on a deposit insurance treatment of DSPs.

The research paper on financial inclusion and deposit insurance published by IADI in 2013 highlighted relevant issues for deposit insurers notwithstanding the wide variation in country contexts. These issues included membership, coverage, funding, public awareness, and relationships with non-bank institutions.

The purpose of this new research project is to review the approach adopted by deposit insurers worldwide on the coverage of DSPs, which includes the discussion of various relevant issues identified back in 2013. In 2016, the Consultative Group to Assist the Poor (CGAP) published the document *Deposit Insurance and Financial Inclusion*, which identifies three approaches for covering DSPs that have emerged regarding digital financial inclusion and deposit insurance.

For IADI, as the international standard-setting body for deposit insurers, there is also an increasing interest in analysing the discussions around financial inclusion-related topics, due to the growing number of technical notes resulting from the Financial Sector Assessment Programs (FSAP) conducted since 2000 on this matter.<sup>4</sup>

This consistent incorporation of financial inclusion into financial sector assessments was recognised as one of the objectives of the Global Partnership for Financial Inclusion (GPII), a coordinating framework of standard-setting bodies on financial inclusion.<sup>5</sup> IADI has been invited to participate in discussions as the standard-setting body for deposit insurers.

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<sup>2</sup> Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. Washington, DC: World Bank.

<sup>3</sup> Digital stored-value products may include: (i) mobile money, with a digital device used by a customer, such as a mobile phone, that is a means of transmitting data and information. Money can be stored by customers in “stored-value funds” maintained by a mobile network operator (MNO), bank or third-party provider; (ii) card-based products (customers may have funds stored on prepaid cards, which could be issued by a bank or a non-bank card issuer); and (iii) notational online products (web-based money), including products such as PayPal that are not traditional credit cards.

<sup>4</sup> According to the GPII (2016), over 70% of the FSAPs conducted between 2000 and 2015 cover aspects related to financial inclusion.

<sup>5</sup> Global Partnership for Financial Inclusion, March 2016.

The data collection process for this research project had the following characteristics:

- A survey questionnaire was developed by the members of the TCFII, with the collaboration of the CGAP, and was distributed via IADI's online survey tool (iFOST).
- The data used in this research paper were obtained from the survey, which was distributed in January 2018 to more than 100 organisations worldwide. The survey aimed to gather data mainly from IADI members, but it was open to any deposit insurance agency.
- The survey closed in April 2018, having attracted responses from 45 institutions in 51 jurisdictions,<sup>6</sup> providing valuable information on the status of the coverage of DSPs.
- The survey was divided into three sections: the relevance of financial inclusion to deposit insurers; the application of deposit insurance to DSPs; and, the application of selected Core Principles for Effective Deposit Insurance Systems in relation to DSPs.

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<sup>6</sup> The West African Monetary Union provided a single response covering Benin, Burkina Faso, Côte d'Ivoire, Guinée Bissau, Mali, Niger, Senegal and Togo. Brazil provided responses from two members.

## II. IADI financial inclusion survey

As previously stated, the survey questions covered three specific areas: the relevance of financial inclusion to deposit insurers; the application of deposit insurance to DSPs; and the application of the Core Principles for Effective Deposit Insurance Systems in relation to DSPs.

Based on the 45 responses collected up to April 2018, this section presents the tabulated results and observed trends in relation to the areas covered by the survey.

### A. Jurisdictions participating in the survey

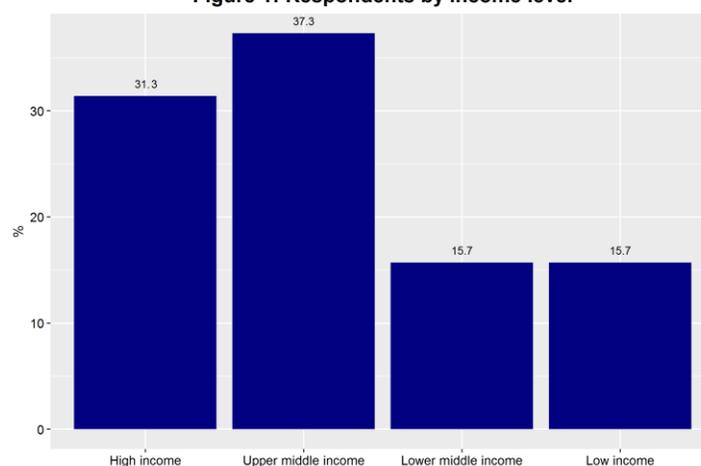
As described above, the survey drew responses from 51 jurisdictions worldwide. This section categorises these countries according to three aspects: i) the World Bank's income level grouping; ii) the level of financial inclusion, based on the Global Findex Database; and iii) the regional distribution.<sup>7</sup>

#### 1. Jurisdictions by income level

When analysing the income level of the jurisdictions that completed the survey, based on the World Bank's income level grouping it is possible to observe that 16 respondents are high-income economies (31.3%), 19 are upper-middle-income economies (37.3%), eight are lower-middle-income economies (15.7%), and eight are low-income economies (15.7%).

Of the 43 DIAs reporting that DSPs were offered in their jurisdictions, 10 respondents are from high-income economies (23.2%), 17 from upper-middle-income economies (39.6%), eight from lower-middle-income economies (18.6%), and eight from low-income economies (18.6%).<sup>8</sup>

Figure 1: Respondents by income level



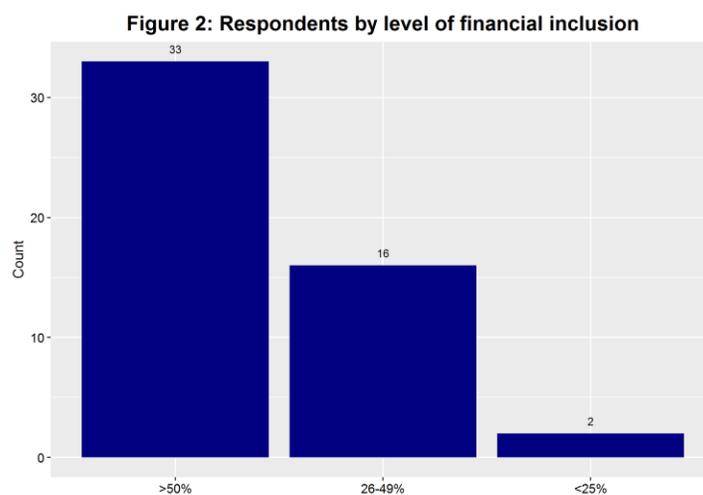
Source: IADI Financial Inclusion Survey

<sup>7</sup> For reference purposes, in the case of Québec we have classified their responses using the aggregated data of Canada from the World Bank and the Global Findex Database.

<sup>8</sup> See the World Bank's country classification by income at <http://datatopics.worldbank.org/world-development-indicators/stories/the-classification-of-countries-by-income.html>.

## 2. Financial inclusion level

Based on the information in the Global Findex Database, in 33 jurisdictions the financial inclusion level is above 50%<sup>9</sup>. Sixteen jurisdictions have a financial inclusion level between 26% and 49%<sup>10</sup>, and only two jurisdictions have a financial inclusion level below 25% (Guinée Bissau & Niger).<sup>11</sup>



Source: IADI Financial Inclusion Survey

## 3. Classification by region

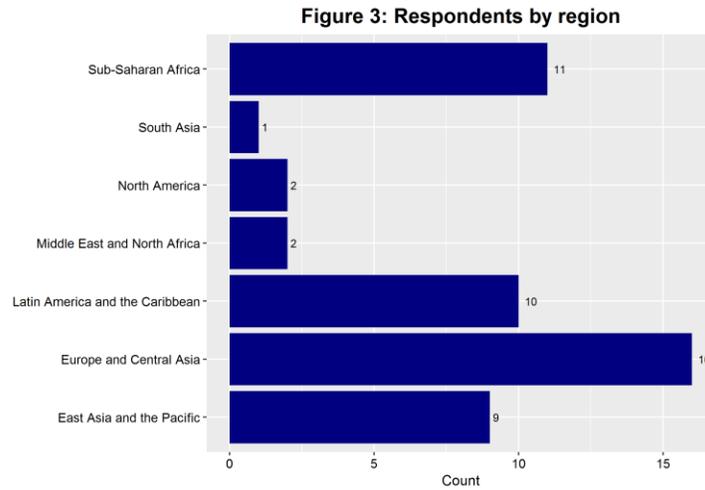
The survey respondents were from the seven regions identified by the World Bank: nine from East Asia and Pacific, 16 from Europe & Central Asia, 10 from Latin America & Caribbean, two from Middle East & North Africa, two from North America, one from South Asia, and 11 from Sub-Saharan Africa.

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<sup>9</sup> Bangladesh, Brazil, China, Chinese Taipei, Czech Republic, Ecuador, Germany, Greece, Italy, Jamaica, Japan, Kenya, Libya, Liechtenstein, Malaysia, Mongolia, Montenegro, Québec (Canada), Republic of Kazakhstan, Romania, Russian Federation, Serbia, Slovenia, South Korea, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Kingdom, Ukraine, United States, Uruguay and Zimbabwe.

<sup>10</sup> Argentina, Azerbaijan, Benin, Burkina Faso, Colombia, Côte d'Ivoire, Guatemala, Jordan, Mali, Mexico, Nigeria, Peru, Philippines, Senegal, Togo and Vietnam.

<sup>11</sup> According to the Global Findex Database, this percentage corresponds to the population aged 15+ that has an account.



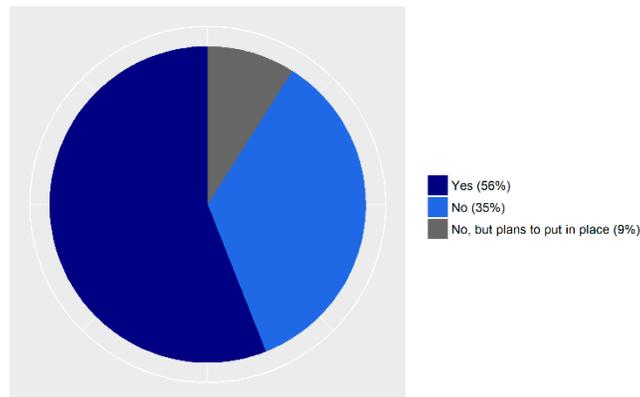
Source: IADI Financial Inclusion Survey

## B. Financial inclusion and deposit insurers

Financial inclusion is increasingly being recognised as an important area of development for standard-setting bodies worldwide. In light of this, IADI wanted to identify how many jurisdictions have a financial inclusion strategy in place, and whether deposit insurers are involved in these institutional frameworks.

Fifty-six percent of respondents reported the existence of a coordinated national strategy to foster financial inclusion, while 35% stated that this framework has not been established in their jurisdictions.

**Figure 4: Is there a national financial inclusion strategy in place?**



Source: IADI Financial Inclusion Survey

An analysis of certain characteristics of these institutional arrangements revealed that 57% of these strategies were implemented prior to 2015. The Malaysian strategy was the oldest, having been launched in 2001.

An important survey finding was that only 38% of respondents are part of a coordinated framework to promote financial inclusion in their jurisdictions. As regards deposit insurers' involvement in these

strategies, only four respondents stated that this was a decision made solely by the deposit insurer, nine mentioned that the participation was jointly decided by the financial safety-net, and 22 indicated that this decision was taken by another type of authority (i.e. the parliament).

Another finding in terms of the participation of deposit insurers on financial inclusion matters is that only 18% of respondents include the promotion of financial inclusion in their mandates. However, the survey carried out by IADI in 2013 found that deposit insurers may implicitly play a role in financial inclusion by protecting mainly small and unsophisticated depositors and ensuring that they are informed about safe methods of storing their money by regularly conducting public awareness activities.

In response to a question on joint efforts developed with international organisations on financial inclusion issues, 11 deposit insurers indicated that they have worked with this type of institution. The Alliance for Financial Inclusion, the World Bank and CGAP were mentioned as common counterparties.

### **C. Application of deposit insurance to DSPs**

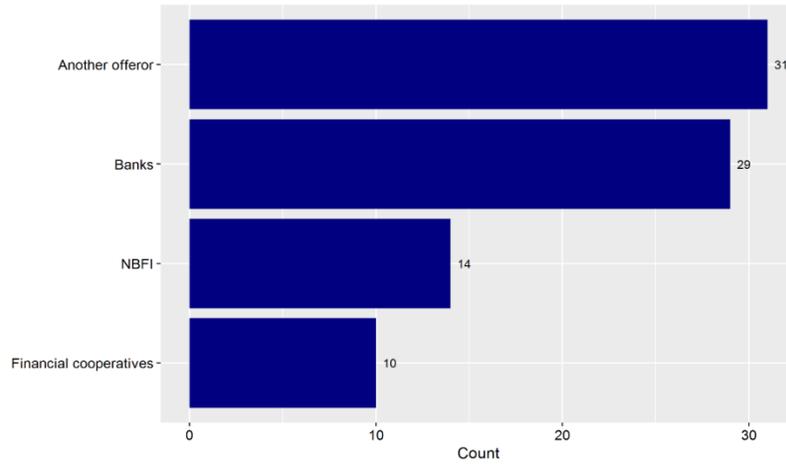
When analysing the evolution of financial inclusion, one of the major elements to consider is the type of institutions offering DSPs. This is relevant for deposit insurers as the Core Principles call for mandatory membership by all deposit-taking institutions.

As the evidence shows, the offerors of DSPs are moving away from the traditional coverage scope of deposit insurers, given the existence of mobile-based services that are not necessarily linked to financial institutions. However, the 2017 Global Findex shows that “among the 69 percent of adults around the world who are account owners, the vast majority have an account at a financial institution: 64 percent of all adults” (World Bank, 2017).

When deposit insurers were asked about the types of entities offering DSPs in their jurisdictions, 29 mentioned banks, 14 NBFI, and 10 financial cooperatives. However, most respondents (31) recognised the existence of other offerors.

In addition, 28 respondents indicated that there is more than one type of institution offering DSPs. Only five jurisdictions reported that all four types of entities are offering DSPs.

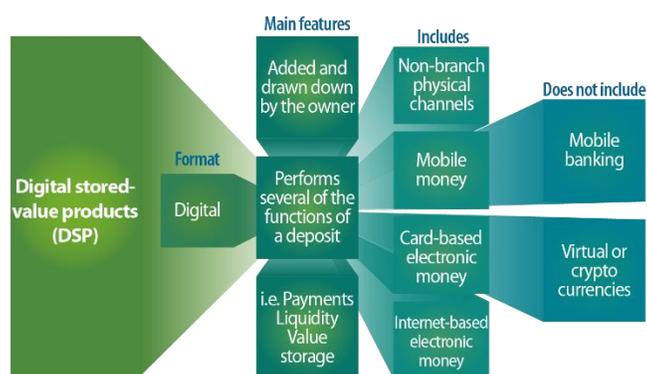
**Figure 5: Types of entities offering DSPs**



Source: IADI Financial Inclusion Survey

Another discussion item centres on the decision to consider DSPs as deposits under the legal framework of the jurisdictions. As can be observed in Figure 6, the characteristics of DSPs are very similar to those of deposits under the traditional scope of coverage by deposit insurers.

**Figure 6 – Characteristics of DSPs**



As regards the consideration of DSPs as deposits, 35 out of 42 respondents who replied to this question mentioned that these products are not included as deposits under the law. However, 12 respondents do consider DSPs as deposits, including Chinese Taipei,<sup>12</sup> Colombia, Ecuador, Kenya, Nigeria and the member countries of the West African Monetary Union.

The decision to consider DSPs as deposits is made mainly by parliament (17 respondents), central banks (11) and banking supervisors (8). When asked about the involvement of deposit insurers in the decision-making process, 60% of respondents stated that these institutions did not participate in the decision. This result is in line with the low participation of deposit insurers in the coordinated frameworks to promote financial inclusion stated earlier in the document.

## **1. Adoption of any of the approaches to DSPs<sup>13</sup>**

As stated before, one of the objectives of this new research project is to compile the decisions made so far by deposit insurers worldwide on the coverage of DSPs. In this sense, the adoption of any of the approaches identified by the CGAP is an indicator of deposit insurers’ progress in protecting digital stored-value products.

According to the survey data, 28 respondents (55%) have explicitly adopted one of the three deposit insurance approaches to DSPs. Specifically, three jurisdictions adopted the direct approach, two adopted a combination of pass-through and direct approaches, 13 adopted the pass-through approach, and 10 excluded DSPs from deposit insurance coverage.<sup>14</sup>

<sup>12</sup> Only DSPs offered by insured institutions are covered by the deposit insurance system in Chinese Taipei.

<sup>13</sup> Please refer to “List of Key Terms” section for the definitions of adoption of any of the approaches of DSPs.

<sup>14</sup> The jurisdictions that excluded DSPs from deposit insurance coverage are: China, Greece, Italy, Liechtenstein, Philippines, Québec (Canada), Republic of Korea, Russian Federation, Switzerland and Turkey.

**Figure 7 – Jurisdictions that adopted an approach to DSPs**

Direct approach	Pass-through approach	Exclusion approach	Direct & pass-through approaches
Bangladesh, Chinese Taipei, Ecuador	Zimbabwe, Malaysia, Nigeria, Jamaica, Czech Republic, West African Monetary Union (8 countries)	Québec (Canada), Russian Federation, Liechtenstein, China, Italy, Greece, Philippines, Switzerland, Turkey, Kazakhstan	Colombia, Kenya

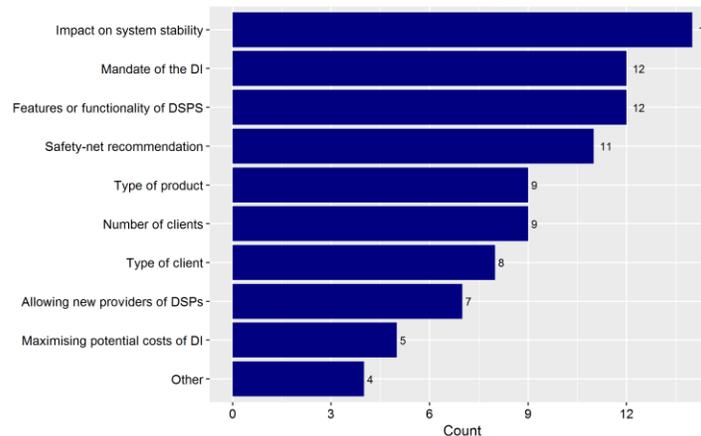
Under this scenario, at least one-fifth of deposit insurers worldwide have explicitly adopted an approach to the coverage of DSPs<sup>15</sup>. Of these agencies, only eight deposit insurers were responsible for choosing one of the approaches. Most of the decisions have been made since 2010.

In terms of the factors that influenced (or could influence) the adoption of one of the three approaches, the most common factors listed by the aforementioned respondents are the impact on system stability, the scope of the mandate of the deposit insurer, and the features or functionality of the DSPs.

Of the respondents that have already adopted one of the approaches, eight are high-income economies, seven are upper-middle-income, five are lower-middle-income and eight are low-income economies. More jurisdictions with higher income levels have already adopted an approach compared to those with lower income levels.

Furthermore, only five of the respondents that have recognised DSPs as deposits (Chinese Taipei, Colombia, Ecuador, Kenya and Nigeria) have adopted one of the approaches to these products. Among these, Colombia and Kenya offer a combination of the direct and pass-through approaches, Chinese Taipei<sup>16</sup> and Ecuador offer a direct approach, and Nigeria offers pass-through coverage.

**Figure 8: Factors that influenced the adoption of one of the three approaches**



Source: IADI Financial Inclusion Survey

<sup>15</sup> According to the IADI Annual Survey 2018, there are 135 deposit insurance organizations operating worldwide.

<sup>16</sup> Only DSPs offered by insured institutions are covered by the deposit insurance system in Chinese Taipei, and the direct approach is applied in such circumstances.

As regards the factors considered when adopting an approach to DSPs, respondents stated that the main factor was the potential impact of these products on system stability (see Figure 8).

In terms of the major challenges currently faced by deposit insurers in implementing any approach, respondents cited the major changes in public policies that may be required to modify the traditional coverage scope of deposit insurance, the adoption of different consumer protection and public awareness schemes for the offerors of DSPs compared to those banks or member institutions, and the treatment of pool accounts when considering the pass-through approach.

## **D. Application of Core Principles for Effective Deposit Insurance Systems in relation to DSPs**

As observed in the survey results, the promotion of financial inclusion does not necessarily fall within the mandate of deposit insurers. The Core Principles state that “deposit insurers should make efforts to stay abreast of financial inclusion initiatives and associated technological innovations occurring in their jurisdictions, particularly those affecting unsophisticated small-scale depositors” (IADI, 2014).

According to this international guidance, the involvement of the deposit insurers in promoting financial inclusion should make efforts to stay abreast of financial inclusion initiatives and associated technological innovations, include a strong coordination with other safety-net participants, as well as adequate public awareness campaigns to adequately address which types of products are covered by deposit insurance and which types are not (IADI, 2014).

In light of this, the survey included a set of questions to gather data on seven key areas related to the compliance with the Core Principles by DSPs and their offerors: mandate and powers; membership; coverage; sources and uses of funds; early detection and timely intervention; failure resolution; and public awareness.

### **1. Mandate and powers**

Thirty-two respondents stated that the offerors of DSPs are not required to periodically report information on individual depositor records to the DI to ensure a prompt reimbursement. As regards access to financial statements or other relevant information of the offerors of DSPs, only four respondents have direct access to this information, while eight have indirect access.

Furthermore, 35 respondents stated that they cannot set binding requirements on how the offeror must maintain depositor records; this may impact the capacity of the deposit insurer to promptly reimburse insured products.

Four out of the five countries that have recognised DSPs as deposits have the power to require from offerors of DSPs periodical reports on individual depositor records (Colombia, Ecuador, Kenya and Nigeria); these countries have also adopted an approach to DSPs. This means that there are 12 respondents which have already adopted a direct or indirect approach to DSPs but cannot access information on depositors.

## **2. Membership**

Twenty-seven respondents stated that there are no specific membership requirements for non-bank offerors, 10 respondents stated that these offerors are not subject to membership in the deposit insurance system, and only one mentioned that there is no clear difference in requirements for non-bank offerors and banks. The remaining survey participants did not answer the question.

The conditions for cancelling membership are likewise no different to those established for banks. Fifteen respondents stated that membership for offerors is restricted to institutions subject to the prudential supervision of a financial supervisory authority. Of these 15 respondents, nine stated that there were “other offerors” operating in their jurisdictions and offering DSPs.

## **3. Coverage**

The respondents which answered that they covered DSPs stated that there were no different coverage levels for DSPs in general except for the West African Monetary Union. In addition, the periodic reviews of coverage are not different from those set for deposits.

## **4. Sources and uses of funds**

The survey showed that no respondent has created a separate fund to cover DSPs, and that the current funding framework does not assess or address the specific risks to the deposit insurance fund from covering DSPs. On the question of how the premium is calculated for different offerors, only Kenya and Nigeria stated the existence of a different calculation (flat rate – percentage of total deposits).

## **5. Early detection and timely intervention**

Twelve respondents mentioned the existence of an early detection and timely intervention framework for offerors in financial distress; these frameworks do not include the participation of other agencies outside the financial safety-net. However, it is important to point out that these respondents do not clearly separate this framework from the one used to monitor traditional deposit offerors. None of the countries with the power to request information from DSP offerors mentioned the existence of an early detection and timely intervention mechanism for DSPs.

## **6. Failure resolution**

Sixty percent of respondents indicated that offerors of DSPs are not subject to a specific liquidation process established in law or regulations. In these cases, offerors are regularly subject to ordinary insolvency proceedings or administrative liquidation.

By contrast, in seven jurisdictions the offerors can be resolved using the resolution mechanisms available for the member institutions of the deposit insurance system. In terms of the creditor hierarchy applicable after the liquidation of an offeror, respondents mentioned that, if the offeror was a member institution of the deposit insurance system, the hierarchy applied is the same as for banks.

## 7. Public awareness

In general, DSP offerors are not required to disclose whether such a product is covered or not covered. Only Québec (Canada), Colombia, Kenya, Libya, Nigeria, Switzerland and the U.S. have policies in place on this matter. It is important to mention that Québec (Canada) and Switzerland have adopted the exclusion approach to DSPs.

## III. Conclusion

In line with the trend observed in 2013, most respondents do not formally recognise the role of deposit insurance in promoting financial inclusion. Hence, the mandates of deposit insurers, while implicitly related to the idea of protecting small depositors, do not incorporate specific obligations in terms of fostering financial inclusion.

An analysis of current adoption of an approach to DSPs reveals that at least one-fifth of deposit insurers worldwide have adopted a formal position as regards whether or not to cover DSPs. This is related to the recent development of this topic as part of the agendas of deposit insurers, but also to the traditional scope of these agencies' activities, which are mainly directed towards the protection of deposits.

The survey has also shown that deposit insurers are not working closely with policymakers on financial inclusion matters, even though these agencies would eventually have to implement financial inclusion-related measures. In some cases, where financial inclusion initiatives are discussed by institutional arrangement, the relevant discussions and decisions on deposit insurance coverage for DSPs are taking place without the engagement of deposit insurers. This situation should be reviewed in order to ensure the effectiveness of actions taken by deposit insurers in this area.<sup>17</sup>

In those jurisdictions where DSPs have been covered directly or via pass-through, the requirements are not different from those established for banks or member institutions. However, the deposit insurers do not have the same authority to gather information from these institutions, especially when the offerors are not banks.

As regards the application of the Core Principles when DSP offerors are accepted as part of the deposit insurance framework, there is an implicit implementation of the CPs, especially elements such as access to financial statements and relevant information, early detection and intervention, and resolution. As regulatory compliance on non-bank DSPs offerors appears incomplete, the implementation of the CPs to these offerors would need further investigation and room for discussion.

Finally, on the question of whether deposit insurers are separating the funds to cover DSPs from those managed for member banks, no respondent indicated the existence of a separate fund. As a result, respondents are not using a differential funding framework to assess and address the specific risks to the deposit insurance fund from covering DSPs.

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<sup>17</sup> In response to digitalization and financial innovation, the IADI's Core Principles and Research Council Committee will establish a new research technical committee to further research on the related development.

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## Annex A. Respondents to the TCFII Survey

	<b>AGENCY</b>	<b>JURISDICTION</b>
<b>1</b>	ADIF	Azerbaijan
<b>2</b>	AMF	Québec (Canada)
<b>3</b>	AOD-S	Serbia
<b>4</b>	ASV	Russian Federation
<b>5</b>	BB-BD	Bangladesh
<b>6</b>	BOS	Slovenia
<b>7</b>	CDIC-TW	Chinese Taipei
<b>8</b>	COPAB	Uruguay
<b>9</b>	COSEDE	Ecuador
<b>10</b>	DGIPF-LVB	Liechtenstein
<b>11</b>	DIC-JO	Jordan
<b>12</b>	DIC-TT	Trinidad and Tobago
<b>13</b>	DICJ	Japan
<b>14</b>	DICoM	Mongolia
<b>15</b>	DIF-LY	Libya
<b>16</b>	DIV	Vietnam
<b>17</b>	DPA-TH	Thailand
<b>18</b>	DPC	Zimbabwe
<b>19</b>	DPF-BDB	Kenya
<b>20</b>	DPFB	Germany
<b>21</b>	DPS	China
<b>22</b>	FDIC	United States
<b>23</b>	FG-UA	Ukraine
<b>24</b>	FGC	Brazil
<b>25</b>	FGCOOP	Brazil
<b>26</b>	FGD-UMOA	West African Monetary Union (Benin, Burkina Faso, Côte d'Ivoire, Guinée Bissau, Mali, Niger, Senegal, Togo)
<b>27</b>	FGDB	Romania
<b>28</b>	FITD	Italy
<b>29</b>	FOGAFIN	Colombia
<b>30</b>	FOPA	Guatemala
<b>31</b>	FPV	Czech Republic
<b>32</b>	FSCS	United Kingdom
<b>33</b>	FSD	Peru
<b>34</b>	FZD	Montenegro
<b>35</b>	HDIGF	Greece

<b>36</b>	IPAB	Mexico
<b>37</b>	JDIC	Jamaica
<b>38</b>	KDIC	South Korea
<b>39</b>	KDIF	Republic of Kazakhstan
<b>40</b>	NDIC	Nigeria
<b>41</b>	PDIC	Philippines
<b>42</b>	PIDM	Malaysia
<b>43</b>	SEDESA	Argentina
<b>44</b>	SUESSE	Switzerland
<b>45</b>	TMSF	Turkey