Tokenised deposits

Dr Alexander Ressos, TEP
Of Counsel, KGP Legal LLC
Attorney-at-Law (Switzerland and Germany), Solicitor (England & Wales and Hong Kong)

A tokenised deposit is a bank deposit recorded on a distributed ledger instead of the bank's core banking system. The holder has exactly the claim against the bank she would have with an ordinary account: an unsecured claim for repayment, covered by deposit insurance to the usual limits, subject to the bank's prudential supervision. The token merely changes the record-keeping technology and, usually, allows transfer between the bank's own customers or between participating banks around the clock.

This design avoids most of the legal difficulty of stablecoins because the issuer is already a bank. In Switzerland, several banks operate tokenised deposit systems for institutional clients, and the Swiss Bankers Association published a white paper in 2023 proposing a jointly issued Swiss franc deposit token.[1] In Singapore, DBS, OCBC and UOB participated in tokenised deposit pilots under Project Orchid from 2022 and the interbank settlement layer tested in 2023 and 2024, and MAS has described tokenised deposits as the preferred form of digital money for regulated use alongside wholesale CBDC.[2]

The main legal question with tokenised deposits is transferability. A deposit that can be transferred only between customers of the same bank is a conventional deposit with a new ledger. A deposit token that circulates freely among the public, including non-customers, becomes functionally a stablecoin and attracts the stablecoin analysis above. Both regulators have confined tokenised deposits to identified customers for this reason, and a Swiss bank offering a freely transferable deposit token would face exactly the holder-identification problem FINMA set out in Guidance 06/2024.

Notes

1. Swiss Bankers Association, The Deposit Token: New money for digital Switzerland, white paper, March 2023. Part E, Chapter VII.
2. MAS, Project Orchid Phase 1 and Phase 2 reports (2022 and 2023) and MAS media release "MAS lays foundation for safe and innovative use of digital money in Singapore", 16 November 2023 (orchestrating tokenised bank liabilities, wholesale CBDC and regulated stablecoins). Part K, Chapter VII.

Copyright © 2026 Dr Alexander Ressos, TEP – Of Counsel, KGP Legal LLC. SingaporeIQ is an information website and gives no legal advice. For Singapore law advice through KGP Legal LLC, please write to alexander.ressos@kgplegal.com.sg