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CUSTOMER FUND PROTECTION IN BANKING-AS-A-SERVICE ARRANGEMENTS: A SCOPING REVIEW OF ACADEMIC AND REGULATORY LITERATURE

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Abstract
When a Banking-as-a-Service (BaaS) arrangement fails, a deceptively simple question becomes hard to answer: whose money is it? This paper charts what the academic and regulatory literature says about customer fund protection in BaaS arrangements. The review follows the PRISMA-ScR framework and uses a two-stream design: a search of academic sources for peer-reviewed articles and working papers, and a separate review of regulatory and legal documents. Two streams were necessary because peer-reviewed work on this specific problem remains too new and too sparse to support a conventional systematic review. The 2024 collapse of Synapse Financial Technologies serves as the principal United States case; it left tens of thousands of customers unable to reach an estimated $65 million to $96 million in funds. The 2020 collapse of the United Kingdom entity of Wirecard offers a useful comparison, because the United Kingdom protects customer funds through trust-based safeguarding rather than deposit insurance. Both episodes point to the same underlying condition: protection works only when the records of who owns what are accurate and current, and none of the jurisdictions examined here has fully solved that problem. The thinness of the literature is itself part of what the review found. The regulatory response is still being written, so scholarship has not yet caught up with it. The paper closes by naming five specific gaps for future research and by stating a real limitation plainly: this review did not have access to Scopus or Web of Science, and it should therefore be read as an early map of a forming field rather than a complete one.

Keywords: *Banking-as-a-Service, customer fund protection, deposit insurance pass-through, safeguarding, ledger reconciliation, scoping review*

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1. Introduction

1.1 Background: The Custody Problem in BaaS

The bank account is an ordinary account and one can tell who owns it. It is opened by a customer, the bank keeps the money deposited in that customer's name and deposit insurance pays the customer directly if the bank fails. Banking-as-a-Service blurs this straightforward scene. The customer that uses a fintech app typically is not the named account holder at any bank. The fintech, often via a technology middleman, instead opens one big account at a partner bank that is typically held in the name of the fintech for the benefit of (FBO) customers, and keeps a private ledger and balance sheet that tracks how much money belongs to each of its individual customers. Large business clients are perceived by the bank. The customer has only a claim on the money, a ledger not under the bank's control and, in many cases, a ledger which the bank cannot inspect. It's not a brand new type of account. The concept of a FBO account, and of a custodial account with a pass-through deposit insurance in the U.S. for a well-run account, is not new and dates back, at the very least, to more than a century ago (Levitin, 2013; Magnuson, 2018). The difference is that it's on a scale that's new. All of these can now be under one pooled account, under a technology platform that supports dozens of financial technology apps and millions of customers - no names showing at the bank that holds their money.

1.2 Why This Review Matters Now

The concern was also taken from the theoretical to the practical in April 2024 when Synapse Financial Technologies, a company which links around 100 fintech companies and an estimated 10 million users to banks, went bankrupt. What happened next was not a graceful wind down but rather a long battle over records – the records kept by Synapse and its partner banks didn't match up (Krause, 2024). But the shortage, which is estimated to be $65 million to $96 million, left tens of thousands of customers unable to access their funds for months. The Consumer Financial Protection Bureau (CFPB, 2025) subsequently filed an enforcement action against Synapse, while the Financial Industry Regulatory Authority (FINRA, 2025) filed a separate enforcement action for former Synapse Brokerage executives for their supervisory failings. In October 2024, the Federal Deposit Insurance Corporation (FDIC 2024) proposed, and has yet to finalize at the time of this writing, a rule which would require banks to maintain daily records of ownership within a pooled account and have such records independently verified.

This is not just an American story. In June 2020, the Financial Conduct Authority (FCA) frozen in the United Kingdom (UK) arm of Wirecard following the collapse of its parent in Germany, and approximately 500,000 customers in the UK were not able to access the money that they thought was secured with the company (Coffee, 2020). This is a different type of safeguarding obligation in the United Kingdom, which is based on a 'trust' than a deposit insurance under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011, Financial Conduct Authority (FCA) (2026). A separate insolvency regime for failed payment and e-money companies ensued (Payment and Electronic Money Institution Insolvency Regulations, 2021). It's helpful to compare Reading Synapse and Wirecard side by side because both jurisdictions are attempting to resolve the same issue – the protection of a customer's claim on pooled funds – using distinct tools, and both tools have been put to the test in the wake of a failure in just a few years of each other. So it's a good time to ask what research actually shows, and not to presume that anyone knows the answer to the FDIC rule, which is still in the process of being finalised.

1.3 Research Questions and Objectives

This review is organised around five research questions:

1. How is customer fund custody structured, legally and technically, across different BaaS arrangements?
2. When does deposit insurance, or an equivalent protection such as United Kingdom and European Union safeguarding, actually reach the end customer, and where does the evidence show this breaking down?
3. What failure mechanisms have been documented or proposed, and what do they indicate about where protection fails?
4. How have regulators responded across the jurisdictions studied, and how do those responses compare?
5. What gaps remain between the legal promise of fund protection and the way it operates in practice?

The objective is to map what exists rather than to summarise it exhaustively, and to identify where further research is most needed. Section 2 explains why a scoping review, rather than a standard systematic review, is the appropriate design here.

1.4 Scope

In this review we will focus on bank-fintech partnerships and pooled or custodial deposit accounts, in particular FBO and omnibus arrangements in the UK and EU, and in the USA. The time span starts in 2013 and until mid-2026. Studies on fintech-adoption and financial-inclusion, unless they are related to fund custody or

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

protection of deposits, are not included. No news reporting is presented as evidence in and of itself, but is provided as context and to help set the chronology of events.

2. Method

2.1 Rationale for a Scoping Review

A systematic review needs to have a number of studies to combine into stable findings or themes. Such a body is not yet found here. Recordkeeping rule, the clearest regulatory response to the problem, was proposed by the FDIC in October 2024, and was not finalized at the time of this review (FDIC, 2024). The bankruptcy that necessitated the business was just in April 2024, with the Synapse business. In the past, there has been a limited set of peer-reviewed papers on fund custody arrangements and deposit insurance in the context of BaaS, rather than fintech as a whole, with the majority of these papers being recent from 2024 or 2025. This is not a fault of the search, but an accurate representation of the relatively newness of the issue as a research topic. The Joanna Briggs Institute guidance (Peters et al., 2020) and PRISMA-ScR extension (Tricco et al., 2018) both state this very scenario, which is a nascent topic that does not yet have a well-developed evidence base to support a synthesis, is the right time for a scoping review. A Scoping Review is a method that outlines the extent of the evidence, and what type of evidence exists (and sometimes when little evidence yet exists), and maps out the gaps. This paper aims at doing just that.

2.2 Two-Stream Evidence Design

Two parallel strands of evidence are included in the review and reported separately in the PRISMA-ScR flow diagram (Figure 1) and combined during the charting. The academic stream includes peer-reviewed journal articles, law review articles, and working papers concerning the custody of the funds, failures of the deposit insurance pass-through, and peer review. The regulatory and legal stream includes primary regulatory documents (rulemakings, guidance, and enforcement actions), as well as a small number of legal firm analyses, which are considered evidence of how practitioners are interpreting the unsettled rules and not independent academic analyses.

2.3 Eligibility Criteria (PCC Framework)

The Population, Concept, and Context framework which is used in scoping reviews (Peters et al., 2020) was used to define eligibility. The context and population: Pooled or custodial deposit accounts with banks in the USA, the UK and the EU in the context of BaaS and bank-fintech partnerships. The concept is customer fund protection, deposit insurance or a pass-through, structure of the custody, ledger reconciliation, and response of the regulatory bodies. Timeframe: 2013 to 2026. The types of sources included were peer-reviewed journal articles, law review articles, SSRN and NBER working papers, government rulemaking and guidance, enforcement actions, pending legislation and a well-defined set of major law firm client notes. General research regarding fintech-adoption and financial-inclusion with no direct connection to fund custody was not included, nor was pure news journalism used only for chronology and context – or entity-level prudential regulation (capital and licensing), which is covered in the companion study, unless directly related to fund custody.

2.4 Information Sources and Search Strategy

The academic stream was searched using Google Scholar, SSRN, the NBER working paper archive, and open-web academic search tools, combined with backward and forward citation-chaining from two anchor papers identified early in the search: Johnson (2025) on fintech deposit-insurance eligibility, and Simda and Gimpel (2025) on regulatory risk in small bank-fintech partnerships. Search terms combined variants of "banking-as-a-service," "bank-fintech partnership," and "sponsor bank" with "deposit insurance," "pass-through," "custodial account," "FBO account," "safeguarding," and "customer funds." The regulatory stream was searched directly on FDIC.gov, the Federal Register, CFPB.gov, FINRA.org, Congress.gov, the FCA website, and a fixed set of major law firm publication pages that recurred in early searches (Davis Polk, Mayer Brown, Perkins Coie, Fenwick and West, Venable, Troutman Pepper Locke, Greenberg Traurig, and Goodwin).

2.5 Selecting Sources and Charting the Data

Titles and abstracts were screened against the eligibility criteria above; for regulatory documents, the summary and background sections were screened instead. For each included source, the authors recorded the author or issuing body, year, source type, jurisdiction, custody structure addressed, key finding on fund protection, and stated failure mechanism where relevant. The full charting table appears as Table 1 in the Results section. Figure 1 sets out the selection process for both streams.

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

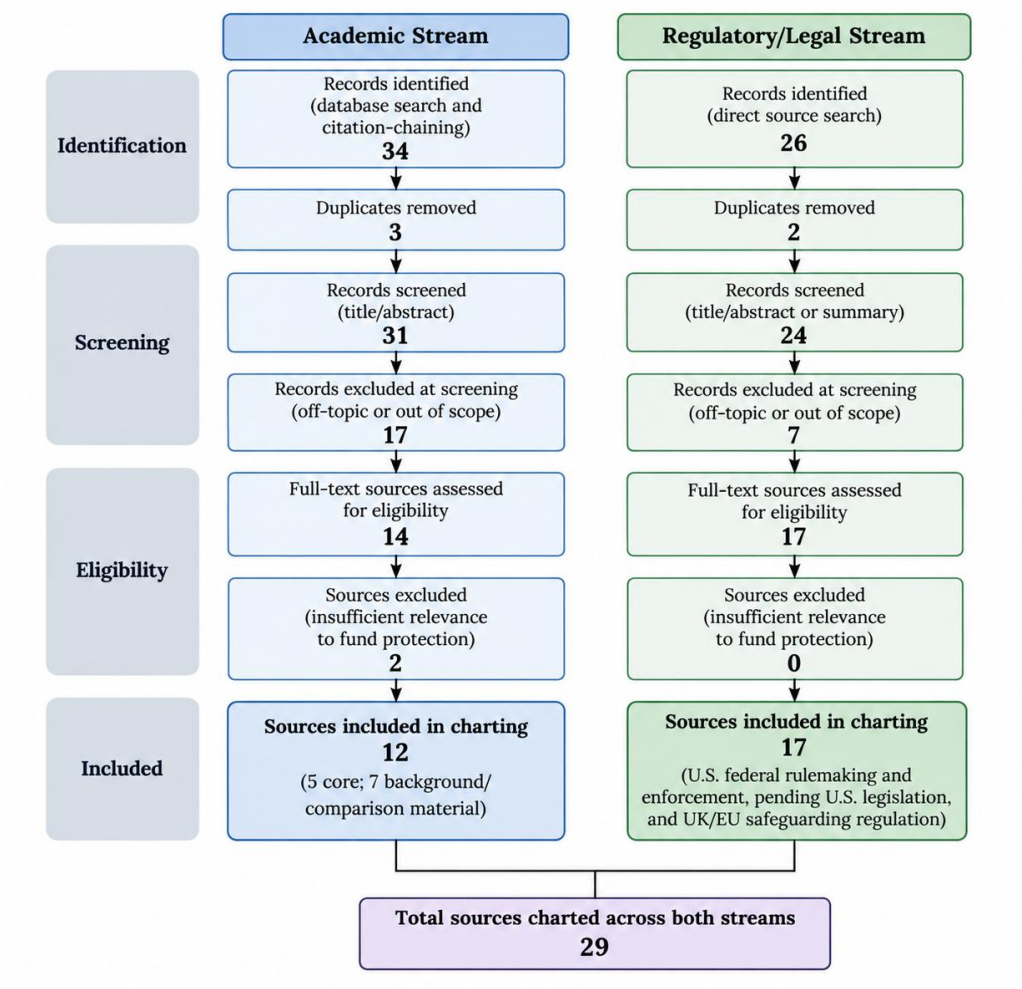


Figure 1. PRISMA-ScR Flow Diagram Reported as Counts by Stream

Note. Counts are reported separately for the academic stream and the regulatory and legal stream, then combined at the charting stage.

2.6 Synthesising the Results

Because the number of included sources is small, the results were synthesised narratively and by theme rather than through any statistical pooling, which is standard practice for scoping reviews of this kind (Tricco et al., 2018). Six themes emerged from the charting process and organise the findings reported below.

2.7 Search Access and Its Effect on This Review

The review was carried out without access to Scopus, Web of Science, or other subscription bibliographic databases. Every academic-stream source was located through open-web search, Google Scholar, SSRN, NBER, and citation-chaining from the two anchor papers named above. Some paywalled law review and working paper material that a full institutional search would have retrieved was almost certainly missed. This limitation is flagged here, at the point where it first shapes the design of the review, and is revisited in the Discussion alongside the other limitations, because it changes how the thinness reported below should be read. Part of that thinness is a genuine feature of a young field, and part of it is a limit of the search method. Both are true at once, and the distinction between them should not be blurred.

3. Results

3.1 Selection of Sources of Evidence

Figure 1 depicts the selection process to both streams. There were 34 records found in the academic stream using database and citation-chaining. Once duplicates were eliminated and titles and abstracts scanned, 12 sources were selected (with 5 considered the most relevant (core) and 7 as background or material with which to compare the core sources). A regulatory and legal stream was identified and resulted in 26 records, 17 of which were included after screening, which included United States federal rulemaking and enforcement,

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

pending United States legislation and United Kingdom and European Union safeguarding regulation, as it applies to the Wirecard case. Twenty-nine sources were plotted, on both streams.

3.2 Characteristics of the Included Sources

Table 1 provides a summary of the sources charted by stream, jurisdiction and type. The academic stream is focused in two areas: Journal of Banking Regulation and United States law reviews (Vanderbilt, George Washington, and Georgetown), along with a comparison cluster on the Wirecard case in European company and financial law scholarship. The month with the greatest number of publications in the core academic stream is 2025, followed by 2024, both of which happened shortly after the bankruptcy of Synapse. That aggregation is not an artifact of the search technique, however, but a result of the field problem; the researcher's reaction to the problem is new, and the events which prompted it are new.

Table 1. Charting Table of Included Sources

Source	Year	Source type	Jurisdiction	Relevance and key contribution
Johnson	2025	Peer-reviewed (J. Banking Regulation)	US	Core. Estimates approximately $5.1bn in fintech deposits potentially ineligible for FDIC pass-through insurance.
Simda & Gimpel	2025	Peer-reviewed (J. Banking Regulation)	US	Core. Mismatch between sponsor banks' compliance capacity and their fintech partner oversight duties.
Krause	2024	Working paper (SSRN)	US	Core. Detailed case analysis of the Synapse bankruptcy and its ledger-reconciliation failure.
Coffee	2020	Peer-reviewed (Eur. Co. & Fin. Law Rev.)	EU/UK	Core. Wirecard as a gatekeeper failure; safeguarding versus insolvency priority ambiguity.
Barba Navaretti et al.	2020	Academic commentary (CEPR/VoxEU)	EU	Core. Entity- versus activity-based supervision gap exposed by Wirecard.
Warren	2024	Peer-reviewed (J. Banking Regulation)	US	Background. Comparative bank-failure case (Silvergate); chartered bank, not BaaS intermediary.
Koont et al.	2024	Working paper (NBER)	US	Background. Deposit stability under digitalisation; systemic risk rather than custody directly.
Magnuson	2018	Law review (Vanderbilt)	US	Background. Foundational framework for non-bank fintech regulation.
Upton	2018	Law review (George Washington)	US	Background. OCC nonbank charter proposal and its limits.
Brummer & Yadav	2019	Law review (Georgetown)	US	Background. The 'innovation trilemma' in fintech regulatory design.
Levitin	2013	Law review (Rev. Banking & Fin. Law)	US	Background. CFPB's founding authority over non-bank consumer finance.

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

Eichengreen	2023	Peer-reviewed (J. Banking Regulation)	US/Global	Background. Financial regulation in the platform-economy era.
FDIC	2024	Federal rulemaking	US	Proposed recordkeeping rule for custodial deposit accounts; direct response to Synapse.
CFPB	2025	Enforcement action	US	Formal enforcement action against Synapse Financial Technologies.
FINRA	2025	Enforcement action	US	Disciplinary action against former Synapse Brokerage executives.
U.S. Congress (H.R. 5317 / S. 2999)	2025	Pending legislation	US	Proposed reclassification of custodial deposits, distinct from brokered deposits.
FCA	n.d.	Regulatory guidance	UK	Safeguarding requirements under the PSRs 2017 and the EMRs 2011.
UK Government	2021	Statutory instrument	UK	Payment and Electronic Money Institution Insolvency Regulations; special administration regime.
Law firm analyses (various)	2024-25	Legal-industry analysis	US	Bounded set of practitioner interpretation of the FDIC proposal and its implications.

Note. BaaS = Banking-as-a-Service; CFPB = Consumer Financial Protection Bureau; FCA = Financial Conduct Authority; FDIC = Federal Deposit Insurance Corporation; FINRA = Financial Industry Regulatory Authority; OCC = Office of the Comptroller of the Currency. "Core" denotes sources judged directly relevant to customer fund protection; "background" denotes contextual or comparative sources.

3.3 Results of Individual Sources

Johnson (2025) provides the single most useful empirical finding in this review. The study examined a sample of 35 fintech companies that say they offer FDIC-insured deposits, and found that approximately $5.1 billion in deposits through fintech intermediaries at banks may not actually be eligible for deposit insurance because three key conditions for deposits were not consistently satisfied: accurate ownership records at the fintech, clearly titled accounts at the fintech, and an ascertainable claim per customer account at the fintech. This is the most concrete evidence that exists that there is a difference between the protection being advertised and the actual eligibility, and that it is an existing issue, and not a theoretical one, and that it accounts for a significant portion of the market.

Krause (2024) provides the most comprehensive academic overview of the Synapse failure, from its inception, through the feud with its partner banks, to its bankruptcy, and understands it as a textbook case of systemic risk stemming from record of ownership being held by one overly lightly regulated middleman and not the bank itself. But Simda and Gimpel (2025) consider the same inherent risk from the sponsor bank's point of view, and conclude that small and mid-size sponsor banks may not have the ability to independently confirm the claims of a fintech partner regarding the separation and tracking of customer funds. This means that responsibility and capacity to discharge is not aligned.

Coffee (2020) places the Wirecard debacle in the context of the loss of gatekeeper roles – such as auditors, regulators and custodial arrangements against the backdrop of fast-growing fintech. Particularly, according to Coffee, the structures of the later United Kingdom insolvency regulations were supposed to address the ranking of claims in ordinary insolvency law and the corresponding safeguarding obligations in the payment services law. From a regulatory design perspective, Barba Navaretti et al. (2020) come to a similar conclusion that Wirecard revealed a mismatch between an entity-based and activity-based supervision of fintechs in the European Union, which corresponds to what the literature on regulatory fragmentation found on the licensing side from the safeguarding perspective.

The remaining academic sources provide primarily background information on fund protection and do not directly provide evidence. The more recent papers that focus on the custody landscape, referred to here, are

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

grounded in the basic United States legal landscape of non-bank financial regulation and CFPB authority as outlined by Magnuson (2018), Upton (2018), Brummer and Yadav (2019), and Levitin (2013). Deposit stability and systemic risk under digitalisation is a related, but not directly addressed question, dealt with by Koont et al. (2024) and Eichengreen (2023). In contrast, Warren (2024) provides some basis for comparison, but on the failure of a chartered bank, and thus is considered background.

3.4 Synthesis by Theme

3.4.1 The Legal Structure and Limits of Pooled Custody

In both jurisdictions examined, pooled customer funds are secured by a legal fiction that customer funds are held by either the fintech or the regulated payment company, but legally belong to the end customer. In the United States, this is based on the FDIC pass-through insurance rules which require the accurate titling, and also a clearly identifiable claim per customer (FDIC, 2024). Within the United Kingdom and the European Union, it is based upon a statutory trust formed by the safeguarding regime which is under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011 (FCA, 2026). But either mechanism requires the integrity of the books of who owns the pool and what is their proportional interest in the pool; this must be in place and correct at the time of use. Pre Synapse and Wirecard, neither of these legal frameworks called for ongoing checks of the accuracy of the records by anyone other than the firm.

3.4.2 The Reconciliation Problem

It is clear from all the charted accounts that the immediate cause of the Synapse failure was that the ‘connective tissue' between what each customer was owed and the balance held at the partner banks did not align, and only became apparent after Synapse systems were discontinued and could no longer be interrogated (Krause, 2024). It can best be thought of as a technical failure with legal implications, not a legal failure with technical symptoms and is the mechanism to which the literature repeatedly refers.

3.4.3 Deposit Insurance and Safeguarding: Theory Versus Practice

Johnson (2025) provides the best quantitative estimate of the cost of the legal commitment to pass-through protection, at $5.1 billion. The United Kingdom has a similar, but distinct story: Wirecard customers who thought they were covered by the safeguarding regime lost access to their accounts for several weeks until they were repaid by the FCA and an appointed administrator (Coffee, 2020). The gap occurs there not as a lack of eligibility for a protection expressed, but as a lack of assurance that a protection expressed would be received and a lack of speed in receiving it; a protection basically granted, but in the end, by delay, by uncertainty.

3.4.4 Case-Based Failure Analysis

There is one key difference between Synapse and Wirecard that is illuminated in the literature. The failure of the United Kingdom (U.K.) entity was due to fraud in the German parent entity, which was separately regulated and protected by the U.K. entity. The root cause of the Synapse failure was within the Synapse custody and reconciliation function. The difference is important for the lessons to be learned from each case. A protection regime has been initiated, and Wirecard is primarily a story on ring-fencing and the priority of creditors. Synapse is essentially a lesson on the existence of the records which are necessary to trigger that protection, and whether or not they exist reliably.

3.4.5 Regulatory Response and Its Adequacy

The proposed FDIC recordkeeping rule speaks directly to the issue of the need for daily reconciliation, and independent verification of records of custodial accounts (FDIC, 2024). In the United States, legislation is pending to reclassify custodial deposits to distinguish them from more volatile brokered deposits, which is a related but distinct systemic-risk concern (U.S. Congress, 2025a, 2025b). The United Kingdom's special administration regime for failed Payment & E-Money Institutions (PEMI) 2021 is relevant to the insolvency-priority problem identified by Coffee (2020) (Payment and Electronic Money Institution Insolvency Regulations 2021). There is no new failure yet to test either of those reform, and the literature can describe how they are designed, but not yet say how well they work.

3.4.6 Gaps Between Legal Theory and Operational Reality

The clearest gap in the charted literature is this: legal protection for pooled customer funds, in both jurisdictions, was built on the assumption that whoever keeps the records will do so accurately and will remain available to produce them on demand. Neither Synapse nor Wirecard tested the protection regime itself so much as this underlying assumption, and both found it wanting. That points to a more useful question for future research. The issue is not whether pass-through insurance or safeguarding trusts are the right legal tool, but whether any legal tool of this kind can work reliably without a real-time, independently verifiable reconciliation

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

requirement, which is precisely the direction in which both the proposed FDIC rule and the logic behind the post-Wirecard reforms in the United Kingdom are now moving.

4. Discussion

4.1 Summary of Evidence

This review set out to map the literature on customer fund protection in BaaS arrangements rather than to catalogue it exhaustively. What emerges is a field still forming: a handful of core academic papers, nearly all from 2024 and 2025, alongside a larger and faster-moving body of regulatory and legal material produced by two real failures on two continents. The evidence that does exist converges on one mechanism, unreliable or unverifiable reconciliation between fintech ledgers and bank records, as the immediate cause of protection failing in practice, even though the two jurisdictions use different legal tools, deposit insurance pass-through and statutory safeguarding trusts, to provide that protection on paper.

What is new is a finding in itself, rather than a methodological caveat. An established field would already have empirical research on the eligibility for pass-through insurance for various firms, comparative analysis of the different insurance schemes (deposit insurance vs safeguarding scheme) and analyses of the effects of the reforms once they have been implemented. None of this is in published form yet, because the reform itself is still being worked out and the problems which led to the reforms are only two to six years old.

4.2 Limitations

Three limitations are worth stating plainly. First, every academic-stream source was located through open-web search, Google Scholar, SSRN, NBER, and citation-chaining from the anchor papers. The account of the academic literature given here, while an honest picture of what is findable through open channels, cannot claim to be exhaustive. The true size of the academic stream is probably somewhat larger than the 12 sources charted, especially in law review material that sits behind institutional paywalls and is poorly indexed by open search tools.

Second, the regulatory and legal stream was bounded to a fixed set of major law firms and government bodies rather than searched exhaustively. That was a deliberate choice made to keep the stream manageable, but it means that analyses from smaller firms and non-English regulatory commentary, relevant given the European Union dimension of the Wirecard case, are likely under-represented. Third, because both central cases are recent, and because the Synapse matter is still moving through litigation and rulemaking, some charted sources describe events and rules that were still changing during writing. The review reflects the state of the evidence as of mid-2026 and should be read accordingly.

None of these limitations weakens the central finding, that the literature is new and thin relative to what is at stake, since that finding rests on the pattern of publication dates among the sources that were found rather than on the absence of sources that were not. They do mean, however, that this review is best read as a first, provisional map of an emerging field, one that a later review with full database access should revisit and will most likely expand.

4.3 Directions for Future Research

Five gaps follow directly from the themes above. First, no published empirical study appears to replicate or extend the deposit-eligibility estimate of Johnson (2025) outside the United States, which would permit a genuine comparison of the size of the protection gap under a safeguarding-trust model and under a pass-through insurance model. Second, no study yet evaluates the FDIC custodial recordkeeping rule or the special administration regime in the United Kingdom against a failure occurring after the reform, since neither reform has been tested in that way; this remains a question for the future.

Third, the issue of the technical aspect of the reconciliation itself, of the design, verification, and independent audibility of ledger systems, has virtually no presence in the legal and financial-regulation documentation plotted here, and yet it is the only issue that is unanimous as the place where things went wrong. It could be an omission that is better explained by being an information systems or accounting research course rather than a banking-law-focused literature, and it is remarkable that it does not appear in a banking-law-focused literature. Fourth, no comparative study looks at jurisdictions outside the UK and the US, and how their markets compare in terms of the occurrence of reconciliation failures (or not). Fifth, and more directly relevant to the companion study on regulatory fragmentation, there is no study yet that asks how a BaaS arrangement that covers several different jurisdictions in the study faces compounding custody risk from having to comply with a pass-through insurance regime and a safeguarding-trust regime at the same time. It is not a hypothetical situation as there are many BaaS platforms already in existence, both in the U.S. and UK/EU.

Vol. 12 Issue 7s (November, 2026)
ISSN: 2208-2190 Pages- 83-92
DOI: https://doi.org/10.69023/pqscm794

5. Conclusion

The protection of customer funds in Banking-as-a-Service (BaaS) relationships is also dependent on the operational reliability of the systems used to record and reconcile customer ownership. The effectiveness of protection – whether in the form of deposit insurance pass-through arrangements or safeguarding arrangements – depends on the ability to have and maintain properly recorded, up-to-date and independently verifiable customer funds records. As the cases of Synapse and Wirecard have shown, it is possible to compromise customers' access to funds even if there were formal protection measures, if there were weaknesses in these aspects of reconciliation, recordkeeping, and custody. Also in those cases, where it is not possible to clearly identify the respective owners of the accounts within the pooled accounts by means of the underlying operational system, legal protections are not sufficient. The literature reviewed is still rather scarce and recent, thus the study on fund protection in the context of BaaS is an emerging research area. However, record accuracy and reconciliation are always identified as being critical weaknesses. Signs of the risks being increasingly recognised in the United States and the United Kingdom are evolving regulatory measures, including enhanced recordkeeping, verification, safeguarding and insolvency arrangements. Further studies should thus not only describe the regulatory frameworks, but also analyze the effectiveness of the mechanisms in practice. There is also a need for more attention to be paid to technical recon systems, the differences across jurisdictions and to the interaction between legal protection and operational controls. All of these will be critical for the protection of customer funds, which will be further enhanced by strengthening regulatory design and its operational transparency, as BaaS models continue to grow.

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