Tokenized Deposits vs. Stablecoins

FEATURE	TOKENIZED DEPOSITS	STABLECOINS
Issuer	Commercial Banks	Non-Bank Entities, Banks, Fintechs, Crypto Firms
Backing	Backed 1:1 by Issuing Bank's Deposit Liabilities	"Pegged" to Fiat Currency, Commodities, Other Cryptocurrency, or Algorithm
Consumer Protection	Protected Like a Traditional Deposit/FDIC	Little or None
Use Cases	Instant Settlement, Treasury Flows, Capital Markets, & Asset Settlement	Retail Payments, DeFi, Inflation Hedging, Corporate Treasury Management, Cross-Border Payments
Settlement Environment	Permissioned or Bank-Controlled Blockchains	Public Blockchains (Ethereum, Solana)
Regulatory Status	Highly Regulated by Banking Frameworks	Emerging Regulations and Varied Oversight
Strengths	Low Cost, Stays within Trad. Banking System, Insurable, Fast and Programmable Settlement, Supports lending and Credit Creation	Low Cost, 24/7 Access, Globally Accessible, Cuts Time and Cost for Cross-Border Transactions
Weaknesses	**Requires all parties on same bank and network, Often bound by traditional banking hours, Less liquid than stablecoins**	**No gov. backed insurance, Pulls liquidity from traditional banks, Risk of run on banks if external reserves cannot be instantly liquidated**

Analysis by American Farm Bureau Federation