CompanyFormationWiki
The free encyclopedia of company formation
companyformationwiki.com

Bank vs e-money account

From CompanyFormationWiki, the free encyclopedia of company formation · Last updated 28 November 2026

In short: Money in a bank is a deposit and is covered by a deposit guarantee scheme up to a limit (€100,000 per depositor per bank in the EU, £120,000 in the UK since 1 December 2025). Money held by an e-money or payment institution is not a deposit and is not covered by that guarantee; instead, the provider must safeguard customer funds separately from its own money.

Deposit guarantee

Under the EU Deposit Guarantee Schemes Directive (2014/49/EU), deposits are protected up to **€100,000 per depositor per bank**, and companies are generally eligible depositors. In the UK the FSCS limit rose from £85,000 to **£120,000** for banks that fail on or after 1 December 2025. In the US the FDIC standard insurance amount is $250,000 per depositor, per insured bank, per ownership category.

Safeguarding

E-money institutions issue electronic money under the E-Money Directive (2009/110/EC) and payment institutions provide payment services; neither takes deposits. They must **safeguard** customer funds, usually by keeping them in segregated accounts at banks or in low-risk assets, or by insurance. If the provider fails, safeguarded funds should be returned to customers, but the process can take time and costs may be deducted. Some fintech brands hold a full banking licence and their deposits are guaranteed; check the licence type in the provider's terms.

IBANs and discrimination

Both banks and e-money providers can issue an IBAN. Under Article 9 of the SEPA Regulation (260/2012), a payer or payee in the EU may not refuse a euro payment because the account is in another member state. In practice some counterparties still ask for a local IBAN; the national

authority for SEPA can take complaints.

See also

- Opening a business bank account
- IBAN and BIC (SWIFT code)

Frequently asked questions

Is an e-money account unsafe?

Not necessarily. Safeguarding is a legal duty and supervisors check it, but it is different from a government-backed deposit guarantee. Many businesses keep operating money with a fintech and reserves with a bank.

Does the guarantee cover each account separately?

No. The limit applies per depositor per bank (per authorised firm in the UK), so several accounts at the same bank, or brands sharing one licence, share one limit.

References

1. Directive 2014/49/EU on deposit guarantee schemes . EUR-Lex. Accessed November 2026.
2. Directive 2009/110/EC on electronic money institutions . EUR-Lex. Accessed November 2026.
3. Regulation (EU) No 260/2012 establishing requirements for credit transfers and direct debits in euro (Article 9) . EUR-Lex. Accessed November 2026.
4. Deposit protection limit increase . Financial Services Compensation Scheme. Accessed November 2026.
5. What is the FSCS and what is the new deposit protection limit? . Bank of England. Accessed November 2026.
6. Deposit insurance . Federal Deposit Insurance Corporation. Accessed November 2026.

Source: https://companyformationwiki.com/bank-vs-emoney-account/
Version: last updated 28 November 2026. Check the online version for later changes.

© 2026 CompanyFormationWiki. CompanyFormationWiki is a free encyclopedia of company formation, business structures and international tax across 222 jurisdictions. General information, not legal or tax advice. Confirm with the official registry, the tax authority or a qualified adviser before acting.