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THE IMPACT OF DIGITISATION ON IFRS: APPROACHES TO ACCOUNTING FOR STABLECOINS AS DIGITAL ASSETS

Abstract: *Stablecoins, as a hybrid form of digital asset, challenge traditional IFRS principles by operating at the intersection of financial instruments, intangible assets, and cash regulation. This article systematises potential approaches to accounting for stable coins under IFRS and analyses the impact of the digital transformation on the evolution of the standards. Digitization is undermining established concepts of “cash”, “financial asset”, and “intangible asset”, which constitutes the core issue of this paper. The methodology is based on an analysis of classification uncertainties and a forecast of potential directions for the development of the regulatory framework. In conclusion, the paper justifies the necessity for developing a separate standard or interpretation that considers the specifics of stablecoin collateral and circulation. This is crucial for ensuring the reliability and comparability of financial statements within the digital economy.*

Keywords: *IFRS, stablecoins, digital asset accounting, asset classification, digital economy, financial instruments, cash.*

JEL classification: *M41, G32, G23,033*

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დიגיტიზაციის გავლენა IFRS-ზე: სტაბილური მონეტების ციფრული აქტივების აღრიცხვის მიდგომები

აბსტრაქტი: *სტაბილური მონეტები, როგორც ციფრული აქტივის ჰიბრიდული ფორმა, ეწინააღმდეგება ტრადიციულ IFRS პრინციპებს ფინანსური ინსტრუმენტების, არამატერია-*



ლური აქტივებისა და ფულადი რეგულირების კვებაზე ოპერირებით. სტატიაში სისტემატიზირებულია სტაბილური მონეტების IFRS-ის მიხედვით აღრიცხვის პოტენციურ მიდგომებს და ანალიზებს ციფრული ტრანსფორმაციის გავლენას სტანდარტების ევოლუციაზე. დიგიტალიზაცია ძირს უთხრის „ნაღდი ფულის“, „ფინანსური აქტივის“ და „არამატერიალური აქტივის“ დამკვიდრებულ კონცეფციებს, რაც ამ ნაშრომის ძირითად საკითხს წარმოადგენს. მეთოდოლოგია ეფუძნება კლასიფიკაციის გაურკვევლობების ანალიზს და მარეგულირებელი ჩარჩოს შემუშავების პოტენციური მიმართულებების პროგნოზირებას. დასკვნის სახით, ნაშრომი ამართლებს ცალკე სტანდარტის ან ინტერპრეტაციის შემუშავების აუცილებლობას, რომელიც ითვალისწინებს სტაბილური კრიპტოვალუტის უზრუნველყოფისა და მიმოქცევის სპეციფიკას. ეს გადამწყვეტია ციფრული ეკონომიკის ფარგლებში ფინანსური ანგარიშგების სანდოობისა და შედარებადობის უზრუნველსაყოფად.

საკვანძო სიტყვები: სტაბილური კრიპტოვალუტები, ციფრული აქტივების აღრიცხვა, აქტივების კლასიფიკაცია, ციფრული ეკონომიკა, ფინანსური ინსტრუმენტები, ნაღდი ფული.

JEL კლასიფიკაცია: M41, G32, G23,033

Introduction

The global financial landscape is undergoing profound transformation driven by rapid digitisation. This process continuously spawns innovative financial instruments and new asset classes, challenging existing regulatory and accounting frameworks. Among these new assets, stablecoins – a specific type of cryptoasset designed to maintain a stable value through backing by a fiat currency or a basket of assets – have gained significant traction. Their unique hybrid nature, combining features of traditional finance with blockchain technology, creates substantial complexities and gives rise to ambiguity for financial reporting purposes under International Financial Reporting Standards (IFRS).

The core difficulty lies in the absence of explicit guidance within IFRS that directly addresses the accounting for digital assets. This regulatory gap compels entities to interpret and apply existing standards – namely IAS 32 Financial Instruments: Presentation, IAS 38 Intangible Assets, and IFRS 9 Financial Instruments – to stablecoins when preparing their accounts. This situation leads to inconsistent accounting treatments. Depending on its legal structure and collateral mechanism, a stablecoin may be classified as: cash or cash equivalents; a financial asset; or an intangible asset. This lack of comparability and reliability in financial reporting undermines the very objective of IFRS, which is to provide a faithful and unbiased representation of a company's financial position.

The relevance of this issue for both theory and practice is evident. As digitisation continues to reshape business operations, it presents a complex challenge for accountants, auditors, regulators, and investors alike: to develop a clear and consistent approach to accounting for stablecoins. Current projects and discussions by the International Accounting Standards Board (IASB) concerning the accounting for cryptoassets only serve to underscore the timeliness and necessity of this research.

The aim of this article is to analyse the challenges that digitisation poses to IFRS, using the problem of stablecoin accounting as a case study. The research objectives include systematising the existing approaches to their classification and measurement, identifying inherent contradictions in the application of current standards, and developing a structured decision-making algorithm for practitioners. The

methodological foundation of this work is a comparative analysis of IFRS requirements, a review of regulatory initiatives, and an examination of the economic substance of various stablecoin models.

Literature Review

The issue of accounting for digital assets, specifically stablecoins, under IFRS represents a rapidly evolving area of research at the intersection of accounting, technological innovation, and regulatory policy.

Existing research can be broadly categorised into several key strands:

1. Conceptual Challenges of Digitisation for the IFRS Framework

Fundamental studies analyse the systemic impact of blockchain technologies on the conceptual foundations of financial reporting. As Bonson and Bednárová (2019) demonstrate, significant gaps exist within the IFRS Conceptual Framework; they argue that digital assets necessitate a re-evaluation of traditional asset recognition and measurement criteria. Coyne and McMickle (2017) point to a structural problem: the slow standard-setting process cannot keep pace with the speed of technological change, leading to fragmented accounting practices. This conclusion is supported by Schmitz and Leoni (2019), who contend there is a pressing need to develop a new research agenda for accounting within the digital economy.

2. Classification and Measurement Problems of Cryptoassets

A significant body of research focuses on the challenges of applying specific IFRS standards. Lazea et. al. (2024), in their systematic analysis, demonstrate that none of the existing categories – intangible assets under IAS 38, financial instruments under IFRS 9, or inventories – adequately reflect the economic substance of cryptoassets. Bakar and Rosbi (2018) emphasise that accounting under IAS 38 at historical cost fails to capture their function as a store of value, which significantly reduces the usefulness of financial statements for investors. Danach et. al. (2024) expand on this analysis by exploring the implications for audit and disclosure.

3. Legal Status and Accounting for Stablecoins: A Specialised Analysis

The most pertinent work focuses specifically on the accounting for stablecoins due to their hybrid nature. He et. al. (2024) identifies the legal construction and collateral model as the key determinants for classification: a) stablecoins with a claim right against the issuer are highly likely to be classified as financial liabilities; b) algorithmic stablecoins are more frequently characterised as intangible assets. This view is supported by international regulators: the FSB (2023) and IOSCO (2023) stress the critical importance of regulating and supervising global stablecoin arrangements. In their practical guidance, PwC (2023) and Deloitte (2023) have developed detailed classification algorithms based on the principle of substance over form. The European Central Bank (2022), in a comprehensive report, analyses the role of stablecoins in the digital transformation of the financial system and the associated risks.

The prevailing view in the contemporary academic literature is that ad-hoc interpretations are insufficient. The IASB (2022) has officially acknowledged the need to initiate a separate project on digital assets. Ramanna (2013) proposes a methodological framework for research that involves a deep engagement between blockchain technology and conceptual foundations.

Despite the growing number of publications, there is a discernible lack of comprehensive studies offering a clear methodology for the classification and measurement of stablecoins specifically – one that would integrate legal analysis (He et. al., 2024), economic substance (ECB, 2022), and clear algorithms for applying IFRS (Deloitte, 2023). The present study aims to address this gap by developing a holistic approach based on a systematic analysis of IFRS requirements and the economic substance of various stablecoin models.

Methods

This study on the impact of digitisation on IFRS and the development of approaches to accounting for stablecoins is based on a combination of complementary data collection and analysis methods.

The research was grounded in the principles of content analysis, as well as comparative legal and economic analysis of scholarly and statistical data. This approach enabled the systematisation and interpretation of complex, unstructured data from diverse sources to formulate theoretically sound and practical conclusions.

To ensure comprehensiveness and reliability, the research findings are supported by several types of sources:

- Academic publications from the period 2017-2023;
- Official IFRS Standards: IAS 32 Financial Instruments: Presentation, IAS 38 Intangible Assets, IFRS 9 Financial Instruments, IFRS 13 Fair Value Measurement, and the Conceptual Framework for Financial Reporting;
- Reports and recommendations from international organisations: the International Accounting Standards Board (IASB), the Financial Stability Board (FSB), the European Central Bank (ECB), and the International Organization of Securities Commissions (IOSCO);
- Practical guidance and viewpoints from the largest audit and consulting firms of the “Big Four” (Deloitte, PwC, EY, KPMG), which de facto shape contemporary accounting practice.

The analysis of the collected data was conducted using the following methods:

- *Comparative analysis*, based on contrasting different interpretations of the same IFRS provisions in relation to stablecoins, and on identifying contradictions and gaps;
- *Normative analysis*, based on examining the legal requirements of IFRS standards and their application to the economic substance of various stablecoin models (fiat-collateralised, crypto-collateralised, algorithmic);
- *Logical modelling* – based on the analysis conducted, a structured algorithm (decision tree) for the classification of stablecoins was developed. The algorithm is built on a sequential check of criteria set by IFRS (e.g., the existence of a contractual right to receive cash flows, whether the asset is an identifiable non-monetary resource, etc.).

The main limitation of the study is associated with the highly dynamic nature of the field under investigation. The regulatory framework and accounting practices for digital assets continue to evolve rapidly. The conclusions drawn are based on information available at the time of the research (end of 2023 – beginning of 2024). Furthermore, the work is focused on theoretical and normative analysis. Empirical testing of the proposed algorithm on data from real companies could be a subject for further research.

The applied methodology ensures a systematic and comprehensive approach to solving a complex research problem, allowing not only for the analysis of existing issues but also for proposing a practical solution for the preparers and users of financial statements.

Results

The conducted research has identified the key problems in applying IFRS to stablecoins and has determined the impact of digitisation on financial reporting standards.

The analysis revealed a fundamental issue – a conceptual misalignment between traditional accounting models and digital assets. The current standards lack direct guidance on accounting for stablecoins, which leads to significant inconsistencies in accounting practice:

1. Fiat-collateralised stablecoins are accounted for as:

- Financial assets (IFRS 9) if the holder has a contractual right to receive cash;
- Intangible assets (IAS 38) in the absence of such a right.

2. Algorithmic stablecoins are, in most cases, classified as intangible assets.

Based on the study of the economic substance of stablecoins and the requirements of IFRS, a structured algorithm (decision tree) for their classification was developed (Fig. 1).

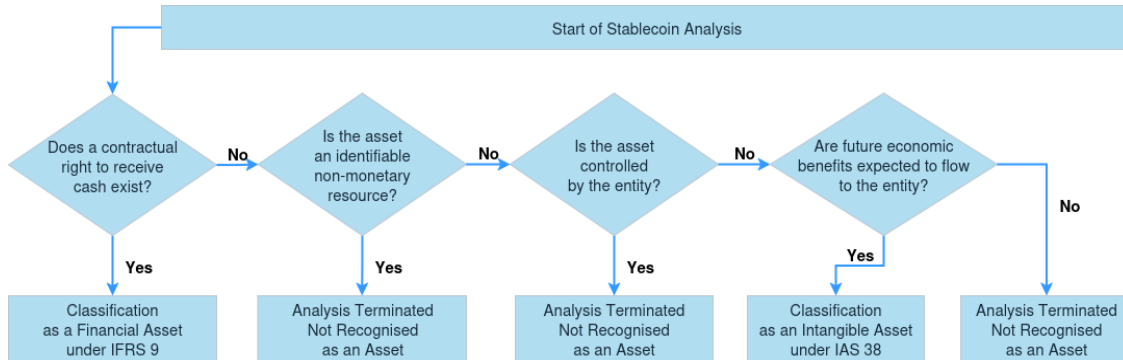


Figure 1. Stablecoin Classification Algorithm in Accordance with IFRS Principles

The analysis process commences with an examination of the stablecoin's contractual terms. Where a legally enforceable right to receive cash exists, the stablecoin is classified as a financial asset. In the absence of such a right, the criteria for recognition as an intangible asset are analysed.

An asset is recognised only upon the simultaneous satisfaction of three conditions:

- Identifiability;
- Control by the entity;
- Probability of future economic benefits.

Should any condition not be met, the asset is not recognised in the financial statements.

This diagram presents a unified approach to stablecoin classification, consistent with IFRS principles.

For the various types of stablecoins, the following classification criteria are proposed:

1. For fiat-collateralised stablecoins:

- The legal status of the issuer and the existence of a legal obligation to redeem;
- The nature of the collateral and the mechanism for maintaining value;
- The rights of holders to obtain the underlying asset.

2. For algorithmic stablecoins:

- The absence of direct obligations of the issuer to the holders;
- The predominance of market mechanisms for maintaining value;
- The increased volatility of the collateral (for crypto-collateralised models).

The prevailing accounting practices for stablecoins lead to substantial distortions in financial statements, specifically:

1. Accounting at historical cost (IAS 38) does not reflect the fair value of the assets.
2. Comparability of data is lost between companies that account for similar assets under different rules.
3. There is insufficient disclosure of risk information in the notes to the financial statements.

Even with correct classification, difficulties arise with measurement and disclosure. These include: determining fair value (IFRS 13), disclosing information on liquidity, volatility, and regulatory risks, as well as assessing the impairment of stablecoins accounted for under IAS 38.

The identified problems indicate the necessity for both clarifications to the existing standards and the development of a separate standard for accounting for digital assets in the future. The proposed algorithm is designed to reduce subjectivity in the classification of stablecoins under the current IFRS framework.

Conclusion

This research has examined the accounting challenges precipitated by the rapid digitisation of financial assets, with particular emphasis on the classification and valuation of stablecoins under IFRS. The analysis confirms that current methodologies demonstrate a significant conceptual lag behind technological innovations, resulting in inconsistent and frequently misleading financial reporting practices.

The principal outcome of this study is the development of a structured algorithm designed to assist organisations in navigating the complexities of applying IAS 32, IAS 38, and IFRS 9. This practical instrument provides a clear framework for determining appropriate accounting treatment based on both legal provisions and the economic substance of stablecoins. The algorithm enables entities to establish whether such an asset embodies a contractual right to receive cash or constitutes an identifiable non-monetary resource under the entity's control.

The research findings carry substantial implications for various stakeholders:

For financial statement preparers, the proposed algorithm reduces subjectivity in initial classification, thereby enhancing the consistency and comparability of financial information. It underscores the necessity of conducting thorough analysis of a stablecoin's specific terms and characteristics, rather than relying on its formal designation.

For auditors, implementation of this algorithm facilitates identification of key risk areas, particularly when examining contractual terms, control aspects, and fair value measurements.

For regulators and standard-setters, the research outcomes may prove valuable in developing either a separate standard or comprehensive amendments to accommodate the unique characteristics of cryptoassets.

The present study is necessarily constrained by the rapidly evolving nature of cryptoassets. Future research directions might include practical application of the proposed algorithm to real-world company data, analysis of algorithmic stablecoin failures (such as the TerraUSD case), and more profound investigation into valuation challenges under conditions of significant market volatility.

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