

THE DAILY PULSE

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PAYMENTS • BANKING • LENDING



📅 MONDAY, OCTOBER 12, 2026

COVERAGE WINDOW: OCTOBER 5–12, 2026

THIS WEEK IN BRIEF



Regulation and supervision again led the week: HUD opened a fair-lending probe of Wells Fargo, , and reporting pointed to lighter-touch CFPB exams. On the business side, Visa and Mastercard backed a new stablecoin, McKinsey flagged slowing payments revenue, analysts warned AI agents could unstick \$1.6 trillion in free bank deposits, and firms from Citi to Truist leaned into wealth, AI underwriting and payments automation.

📄 PAYMENTS & STABLECOINS

[Payments income bolsters banks](#)

Payments Dive · Oct 7

Payments Dive, citing a McKinsey report, reports the global payments industry generated about \$2.6 trillion in revenue in 2025 — roughly \$700 billion in North America — but that growth slowed to 3% from 2024 to 2025 after averaging 11% in prior years. Payments made up 41% of banking revenue in 2025, down from 42% the year before. McKinsey said four drivers that lifted payments income over the past decade — the shift from cash, volumes outpacing GDP, rising rates and software services — “are now leveling off, and low-cost alternative payment networks are compressing transaction margins.”



WHY IT MATTERS

With payments at roughly 40% of bank revenue, a decelerating payments market is a direct headwind to fee income. However, while growth rates are slowing, there is material growth, and volume may shift more to innovative platforms, pressuring those that are slow to adapt and change business models.

📄 PAYMENTS & STABLECOINS

[Automation and AI Move Deeper Into Payment Exceptions](#)

PYMNTS · Oct 9

PYMNTS reports that 70% of surveyed firms plan to adopt or expand automation that matches and clears payments against invoices, ledgers and bank statements within 12 months, while 59% plan to add AI-based fraud detection and 65% plan to expand identity verification. Citing PYMNTS Intelligence data, the article says 57% of firms typically discover fraud or nonclearance only after treating a payment as completed, and that fraud and nonclearance costs averaged 31 basis points of revenue. It notes that “much of payment processing already happens without an employee touching the transaction.”

WHY IT MATTERS

Exception handling — the messy middle of payments — is where cost and fraud hide, so automating it is becoming a real competitive line between operators. The data points to an edge for firms that verify before settlement rather than after, when losses are already booked.

BANKING & REGULATION

[AI Agents Wake Up \\$1.6 Trillion in Sleepy Bank Deposits](#)

PYMNTS · Oct 8

PYMNTS, citing the Financial Times, reports JPMorgan Chase, Bank of America and Wells Fargo hold about \$1.6 trillion in non-interest-bearing deposits, and that Apollo's Torsten Sløk argued AI agents could move household cash from accounts paying a 0.1% national average into accounts paying 3.3% to 5%. About \$7.12 trillion sits in U.S. consumer and business checking accounts, per St. Louis Fed data cited by the Wall Street Journal. On JPMorgan's planned cash tool, the piece quotes Jamie Dimon that "our Smart Cash capability will do it for them."

WHY IT MATTERS

If AI agents make rate-shopping frictionless, the big banks' cheapest funding — free deposits — becomes their most exposed liability. Net interest margins built on sticky, inattentive balances could compress faster than today's deposit-beta models assume.

BANKING & REGULATION

[HUD probes Wells Fargo over 'racialized' lending](#)

Banking Dive · Oct 8

Banking Dive reports HUD opened an investigation into Wells Fargo's mortgage practices after fair-housing official Craig Trainor wrote to CEO Charlie Scharf accusing the bank of discriminatory lending under the Fair Housing Act. The probe targets Wells Fargo's 2017 pledge of \$60 billion to help create 250,000 African American homeowners by 2027 and a 2022 special-purpose credit program of \$150 million to help Black homeowners refinance. Trainor cited "the Fair Housing Act's unambiguous, categorical prohibition on race-based home loans," and the bank declined to comment.

WHY IT MATTERS

The administration is recasting special-purpose credit programs — once encouraged to close racial homeownership gaps — as themselves unlawful, reversing prior federal guidance rescinded in August. Lenders that built such programs now face legal and reputational exposure for having done so.

BANKING & REGULATION

[Citi hires up in push to overtake private bank competitors](#)

Banking Dive · Oct 9

Banking Dive reports Citi has installed about 12 new private-bank leaders in roughly 15 months and added 43 bankers or investment counselors since North America head Chris Biotti arrived, part of a bid to climb the ranks of the largest U.S. private banks. Biotti said roughly \$3 trillion in North American client assets sits outside Citi — whose global wealth client assets exceed \$1 trillion — and the unit aims to add about 100 more bankers to the roughly 620 it had at its May investor day. Private-bank revenue rose 5% year over year to \$769 million in the second quarter. "For the first time in my career," Biotti said, "my phone is ringing."

WHY IT MATTERS

Wealth management is the fee-income engine banks are racing to expand as rate-driven margins normalize, and senior talent is the scarce input. Citi's hiring run is a direct bid to take ultra-high-net-worth share from Bank of America and Morgan Stanley.

LENDING & CREDIT

[Truist boosts auto-loan approvals by 20 percentage points using AI](#)

Auto Finance News · Oct 7

Auto Finance News reports Truist, a \$556 billion bank, raised its auto-loan approval rate from about 55% to roughly 75%, a 20-percentage-point gain — after adding an AI underwriting tool to its end-to-end digital lending process. Chief Consumer and Small Business Banking Officer Donta Wilson described the results, and the bank said it is exploring AI for loan servicing next. The outlet reported that “Truist is leaning into AI-powered underwriting to increase approval rates and enhance customer experiences.”

WHY IT MATTERS

AI underwriting is moving from pilot to production in mainstream auto lending, letting banks approve more applicants without visibly loosening stated standards. AI based lending has largely being adopted by Fintechs like Upstart, as a way to create more differentiation between good and bad credit customers. Expect this trend to accelerate into main stream lending.



WHAT TO WATCH

[Banks Face Easier CFPB Exams as Agency Funding Fight Drags On](#)

PYMNTS · Oct 9

Stay ahead of what's moving markets, regulation, and the business of banking.
