

THE DAILY PULSE

by Jagdeep Dayal

PAYMENTS • BANKING • LENDING



📅 FRIDAY, OCTOBER 23, 2026

COVERAGE WINDOW: OCTOBER 16–23, 2026

THIS WEEK IN BRIEF



Third-quarter earnings dominated the week: Capital One's Discover integration drove a profit beat, and American Express raised its full-year outlook on resilient premium spending. Mastercard, U.S. Bank and SoFi rolled out new payment and tokenized-deposit tools; and a fresh credit-risk read flagged rising corporate and private-credit default pressure.

📄 PAYMENTS & STABLECOINS

[Mastercard unveils Stablecoin Security tool to screen payments for fraud and sanctions risks](#)

The Block · Oct 19

Mastercard on Oct. 19 unveiled Stablecoin Security at Money20/20 USA, a risk-intelligence service that lets financial institutions evaluate stablecoin payments before funds move onchain by tracing the origin of funds, checking for links to fraud, scams and sanctions violations, and assigning a risk score delivered via API. Borderless.xyz and Keyrails are the first announced partners; the service launches first in North America, with worldwide availability expected in 2027. Mastercard cited a BIS study of 593 million stablecoin transfer events across 141 million Ethereum transactions in 2025, noting nearly 60% occurred in complex, multi-step transactions. Ann Johnson, Mastercard's EVP of Security Solutions, said "financial institutions need the right intelligence and controls to participate with confidence."

📍 WHY IT MATTERS

As the GENIUS Act pulls stablecoins toward regulated rails, the bottleneck shifts from issuance to compliance — and the networks are positioning to sell the screening layer banks will need. Mastercard is monetizing the risk of stablecoins even where it does not issue them.

📄 PAYMENTS & STABLECOINS

[AmEx lifts 2026 profit forecast as travel, entertainment spending drives growth](#)

Reuters · Oct 23

American Express raised its full-year 2026 adjusted earnings forecast to \$17.60–\$17.90 per share after third-quarter billed business rose 8% year over year to \$454 billion and revenue climbed 9% to \$20.1 billion, Reuters reported Oct. 23. Adjusted EPS was \$4.68 for the quarter ended Sept. 30, above the roughly \$4.48 expected. Travel and entertainment spending rose 10%, with airline spending up 13% and restaurants up 9%. CFO Christophe Le Caillec noted that part of the airline gain reflected "average ticket size and airline price increases."

📍 WHY IT MATTERS

Amex's affluent, fee-paying cardholder base is still spending through higher rates, insulating it from the credit softness pressuring mass-market issuers. The earnings announcement adds another data point to the economists that have called the current economy a K shaped one, as the people with higher incomes and assets continue to do well, but stress is developing in other consumer segments.

PAYMENTS & STABLECOINS

[SoFi Rolls Out Interest-Earning Tokenized Deposits](#)

PYMNTS · Oct 22

SoFi Technologies on Oct. 22 began rolling out SoFi Earn (SOFIE), a tokenized deposit for consumers that lets SoFi Crypto members earn interest while keeping funds accessible, per PYMNTS. Each SOFIE token represents \$1 held on deposit at SoFi Bank, is FDIC-insured up to applicable limits, and can be converted 1:1 into SoFi's SoFiUSD stablecoin to buy crypto in the app or move over blockchain rails to an external wallet. As of Oct. 20 the deposits earned a 4.40% variable annual percentage yield, and the rollout runs through November; about \$300 million of SoFiUSD was in circulation at the end of the second quarter. CEO Anthony Noto said "SoFi Earn combines the earning power and protections of a bank deposit."

WHY IT MATTERS

SoFi is testing the bounds of the recent regulatory guidance on the GENIUS Act, whereby the regulators have stayed silent on paying yield on stablecoins. SoFi is wrapping an interest-bearing, FDIC-insured bank deposit in a token. For now, it is noteworthy to note that this product applies to their crypto customers, that have funds sitting idle in between transactions. It is also perhaps an early template for how chartered banks could keep deposits onchain and compete with stablecoins rather than cede funding to them.

LENDING & CREDIT

[Capital One Q3 2026 Earnings Beat Estimates](#)

InsiderFinance · Oct 21

Capital One reported third-quarter net income of \$3.5 billion, or \$5.61 per diluted share (\$6.69 adjusted, excluding Discover- and Brex-related items), above a roughly \$5.50 consensus, per InsiderFinance. The credit card net charge-off rate eased to 3.98% and the provision for credit losses fell \$73 million to \$2.92 billion. Management cited about \$1.8 billion in annualized synergies from the Discover deal and said 100% of Discover card originations ran on Capital One's technology stack as of Sept. 30. CEO Richard Fairbank said "the Discover integration continues to go well and we're making good progress on delivering the expected synergies."

WHY IT MATTERS

Easing charge-offs at the largest Discover-integrated issuer reinforces that the consumer-credit cycle is not yet deteriorating. The payoff now hinges on execution — turning Discover's network and portfolio into the interchange and funding advantages that justified the acquisition.

LENDING & CREDIT

[Credit Benchmark: U.S. Corporate Default Risk Rises 54% Over Decade as Private Credit Vulnerabilities Grow](#)

GlobeNewswire · Oct 22

Average one-year default risk for U.S. corporations rose from 35 to 54 basis points over the past decade, though both corporate and financial-institution measures have flattened over the last six months, according to an Oct.

22 Credit Benchmark report drawing on consensus data from more than 40 financial institutions. Default risk on loans underlying business development companies (BDCs) climbed 10% over two years and use of payment-in-kind arrangements is rising, even as longer-term BDC credit quality has improved; most rated BDCs are investment grade while their underlying borrowers are mostly non-investment grade, clustered in the single-B range. CEO Michael Crumpler said "the U.S. credit market isn't moving in one direction, and that's what makes this cycle particularly challenging."

WHY IT MATTERS

The data points to stress building quietly inside private credit — rising PIK usage and single-B underlying borrowers — even as headline corporate default risk plateaus. The article points to winners and losers in this AI cycle, with a concentration of winners in a few technology segments. For banks, the report flags that capital-rule changes could reshape how much lending migrates to private-credit providers versus staying on balance sheet.



WHAT TO WATCH

[Visa to Announce Fiscal Fourth Quarter and Full-Year 2026 Financial Results on October 27, 2026](#)

Visa · Oct 27

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