

THE DAILY PULSE

by Jagdeep Dayal

PAYMENTS • BANKING • LENDING



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COVERAGE WINDOW: OCTOBER 20–27, 2026

THIS WEEK IN BRIEF



Courts and regulators reset the rulebook this week: the Eighth Circuit vacated the Fed's 21-cent debit-interchange cap and the OCC finalized its GENIUS Act stablecoin framework. Meanwhile large banks and card networks leaned harder into AI and cost discipline, fintech lenders pressed for federal charters, and online and auto lenders posted double-digit growth.

PAYMENTS & STABLECOINS

[Fed loses debit card cap appeal](#)

Payments Dive · Oct 26

A three-judge panel of the Eighth U.S. Circuit Court of Appeals vacated the Federal Reserve's 21-cent cap on debit-card interchange fees, affirming a lower-court ruling that the Fed improperly determined how to set the limit. Payments Dive reports the court held the Durbin Amendment directs the Fed to consider marginal costs rather than fixed costs, writing that "The Federal Reserve does not get to revise Congress's work." The 2011 cap applies to banks with \$10 billion or more in deposits, and the Fed had proposed cutting the base rate to 14.4 cents in 2023 but has not moved forward.

WHY IT MATTERS

Debit interchange is the single largest revenue input for large issuers' debit programs, so vacating the cap reopens economics that banks had treated as fixed. The decision now forces the Fed to consider options that would be more reflective of the Durbin amendment.

BANKING & REGULATION

[Wells Fargo consolidates leadership of consumer bank](#)

Banking Dive · Oct 23

Wells Fargo named Kleber Santos sole CEO of its consumer banking and lending business — covering deposits, credit cards, business banking and auto lending — while former co-CEO Saul Van Beurden moved to a full-time role leading AI across the company. Banking Dive reports both changes took effect immediately. On the third-quarter call, CEO Charlie Scharf said the bank is "devoting significant management time and resources to building AI capabilities," and the article notes Wells Fargo rose to No. 3 in the U.S. on the Evident AI index for banks.

WHY IT MATTERS

Moving a senior operator into a dedicated AI leadership seat, rather than layering AI onto an existing mandate, signals Wells Fargo now treats AI as a P&L-level priority. Consolidating the consumer bank under a single chief also removes the co-head ambiguity that can slow decisions in a unit this large.

BANKING & REGULATION

[JPMorgan Chase, Goldman Sachs underscore security in AI plans](#)

Banking Dive · Oct 23

At the Evident AI Symposium, JPMorgan CIO Lori Beer and Goldman Sachs CIO Marco Argenti stressed that security and risk management come before speed in their AI rollouts. Banking Dive reports JPMorgan has expanded its LLM Suite platform to 1,000 business applications with 200,000 active employee users and has barred outside AI agents from its environment; Beer said "we want to move at speed, but sometimes we have to pull back to get controls in place." Argenti said any agent could misbehave because AI systems are stochastic rather than deterministic, and described Goldman's partnership with Anthropic.

WHY IT MATTERS

The largest banks are converging on a walled-garden approach — build internal AI at scale while locking out third-party agents — which sets the de facto security bar smaller institutions will be measured against. It also foreshadows a coming fight over whether external agents get any access to bank systems at all. My take is that foreign agents (built by non-banks) will get a lot more sophisticated with appropriate risk and security controls, that would alleviate the pressure on smaller banks to build internally.

BANKING & REGULATION

[Sezzle applies for national trust bank charter from OCC](#)

Banking Dive · Oct 23

Buy-now-pay-later provider Sezzle applied to the OCC for a national trust bank charter that, if approved, would let it offer a broad range of products including checking and savings accounts to digitally native consumers. Banking Dive reports the move replaces Sezzle's earlier plan to seek a Utah industrial-loan-company license, a shift it attributes to new state BNPL rules in New York, Illinois and Oregon. CEO Charlie Youakim said applying "reflects our commitment to operating under the highest standards of federal oversight," and review across the OCC, FDIC and Fed is expected to take 12 to 18 months.

WHY IT MATTERS

Sezzle joins a 2026 wave — alongside Block, Ramp, Avant and Modern Treasury — choosing the federal OCC route over state ILC licenses as states tighten BNPL oversight. A federal charter would let fintech lenders fund themselves with deposits, while allowing them to operate nationally without requiring state licenses.

LENDING & CREDIT

[Auto refinance activity surges YoY in Q3 despite rate hike](#)

Auto Finance News · Oct 23

Auto-refinance applications rose sharply year over year in Q3 even after the Federal Reserve's recent rate hike, as borrowers across credit tiers sought lower monthly payments. Auto Finance News reports refinancer Caribou saw a 50% year-over-year jump in Q3 applications, per President Eric Stradley, while Auto Approve's applications rose 25.5%, and borrowers are increasingly choosing longer loan terms. As the article puts it, "Despite the Federal Reserve's recent interest rate hike, auto refinance activity surged in the third quarter."

WHY IT MATTERS

A refinance surge during rising rates points to household payment stress rather than rate opportunism — consumers are extending terms to lower payments, not capturing cheaper money. For auto lenders and servicers, that signals stretched borrowers and rising duration risk even as volume grows.



WHAT TO WATCH

[Visa, Mastercard urge court to approve fee settlement](#)

Payments Dive · Oct 16

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