Money Matters Roundup | October 2026

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Categories:

Banking On It
Publications

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***Money Matters* is a monthly snapshot of key developments across the financial services industry. From regulatory changes and enforcement actions to lending and compliance trends, we track notable issues affecting banks, credit unions, lenders, and other consumer and commercial finance providers.**

As you read through this month's update, we encourage you to visit our *Banking On It* blog for additional insights and more in-depth analysis of the latest trends and developments shaping the banking and finance industry.

California enacts new requirements for commercial financing providers.

On September 30, California enacted Assembly Bill 2116, which will expand California's regulation of commercial financing, including accounts-receivable purchases, factoring, asset-based lending, commercial loans, commercial open-end credit plans, and lease financing. The new regulatory framework becomes operative beginning January 1, 2028, and beginning July 1, 2028, covered commercial financing providers and brokers generally may not engage in that business without obtaining a license from the Commissioner of Financial Protection and Innovation, subject to specified exceptions.

Why it matters: The new framework will require covered commercial financing providers and brokers to evaluate their products, licensing obligations, and compliance practices before the 2028 implementation date. The changes may be particularly important for nonbank commercial finance companies, brokers, and other businesses that provide or facilitate financing to California businesses.

FDIC proposes interstate parity for state-chartered banks operating without branches.

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The Federal Deposit Insurance Corporation ("FDIC") proposed a rule on September 17 that would extend parity between state-chartered and national banks when an out-of-state state bank provides services in a host state, whether or not it maintains a branch there. The proposal addresses uncertainty over the application of host-state laws as banks increasingly provide services across state lines without physical branches.

Why it matters: The proposal could materially affect state law compliance, interstate lending, deposit products, and payments operations for banks serving customers across state lines. If a host state's laws do not apply to a national bank, the proposal generally would provide the same treatment to an out-of-state state bank, with the law of the state bank's chartering state applying instead. The FDIC emphasizes that the proposal would not alter the interest rates state banks may charge or determine that a particular host-state law is federally preempted.

States signal continued scrutiny of disparate impact and algorithmic lending.

A coalition of 14 state attorneys general issued guidance on September 17 reaffirming their view that civil rights laws continue to protect against both intentional discrimination and unjustified disparate impacts despite recent changes in federal policy. The guidance specifically identifies potential discrimination arising from artificial intelligence and algorithmic decision-making systems used by lenders and recommends analyzing machine learning and algorithm-based lending tools to identify discriminatory outcomes.

Why it matters: Changes in federal antidiscrimination policy do not necessarily translate into a uniform reduction in compliance risk. Lenders operating across multiple states may face different approaches to disparate impact and continued scrutiny of the outcomes produced by automated underwriting and other algorithmic tools.

FDIC proposes faster merger reviews and a rapid track for de minimis transactions.

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On September 17, the Federal Deposit Insurance Corporation ("FDIC") issued a proposal to streamline its review of transactions under the Bank Merger Act, including a rapid-processing framework for certain de minimis transactions and defined processing periods for other transactions. Under the proposal, certain very small acquisitions and operating-subsidiary transactions could be processed in as little as five days. The proposal would also revise the FDIC's competitive-effects analysis to account for credit unions and centrally booked deposits and update its approach to considering financial stability.

Why it matters: If finalized, the proposal could significantly reduce the time and uncertainty associated with FDIC merger review, particularly for smaller or lower-risk transactions. The revised competition analysis also reflects the FDIC's view that merger review should account for a broader range of institutions and deposits competing in today's banking market.

OCC updates guidance on how banks should identify and manage concentrated credit risk.

The Office of the Comptroller of the Currency ("OCC") issued a revised *Concentrations of Credit* booklet on September 30, updating the guidance examiners use when evaluating concentration risk and related risk-management practices. The revised guidance expands its discussion of concentration risk, clarifies how correlations relate to concentrations, adds information on securitizations, and provides additional guidance reflecting differences in bank size, complexity, and risk profile.

Why it matters: Concentrations can expose a bank to losses when significant portions of its credit portfolio are affected by common risks. The revised handbook provides OCC-supervised institutions with an updated view of the issues examiners will consider when assessing concentration risk and banks' efforts to identify, monitor, and manage those exposures.

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