Bank Charter Denial Offers Road Map For Stablecoin Issuers

By **Christina Grigorian, Carl Kennedy and Charlotte Hill** (August 14, 2026)

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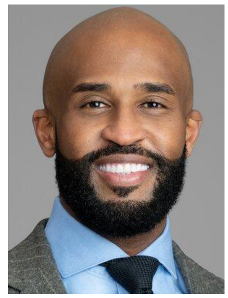

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In a surprising twist, the Office of the Comptroller of the Currency in July denied an application for a national trust bank charter submitted by proposed Wise National Trust, a subsidiary of Wise PLC, a global payments company headquartered in the U.K.,[1] based on myriad concerns related to Wise's anti-money laundering compliance and management.[2]

Notably, many of these concerns came to light shortly after Wise submitted its application to the OCC, when Wise US became a party to a multistate consent order addressing deficiencies in its Bank Secrecy Act and anti-money laundering and countering the financing of terrorism, known as AML/CFT, programs.[3]

The OCC's denial of Wise National Trust's bank charter application signals heightened expectations for prospective permitted payment stablecoin issuers, given the agency's central role in approving such applicants.

Noting that the OCC "evaluates a proposed institution's organizing group and its business plan together, and the OCC's judgment concerning one may affect the evaluation of the other," in connection with Wise's application, the OCC found that:

- The application did not demonstrate that the bank would be operated in compliance with laws and regulations;
- "The organizers did not demonstrate that they have sufficient familiarity with national banking laws and regulations";
- "The proposed management and board did not demonstrate sufficient competence relevant to the services to be provided by [the proposed bank], most notably with respect to legal and regulatory requirements relating to the exercise of fiduciary activities by national banks"; and
- The "organizers collectively failed to demonstrate sufficient experience with relevant banking laws and regulations related to fiduciary activities."[4]

With its publication on July 21, the decision created a firestorm of business and operational issues for Wise. Of immediate consequence, Wise's share price fell approximately 9% on the day of the announcement.[5]

Further, Wise has reportedly abandoned its pursuit of a national trust bank charter; public reports describe Wise's intention to file an application with the OCC under the Guiding and Establishing National Innovation for U.S. Stablecoins, or Genius, Act to act as a permitted payment stablecoin issuer, or PPSI.[6]

Why This Matters

At the outset, given the OCC's outsize role in the approval of PPSIs, the decision serves as a stark warning to PPSI applicants to fully build out the AML compliance programs required for such applications.[7]

While the OCC's AML proposal has not been finalized, the agency's proposed rule, required under the Genius Act to ensure that PPSIs meet Bank Secrecy Act and sanctions and compliance standards, reflects a position that PPSIs must comply with regulations jointly promulgated by the Financial Crimes Enforcement Unit and Office of Foreign Assets Control.[8]

Applicants should therefore expect to demonstrate not only that appropriate policies have been developed, but also that robust governance, risk management and internal control frameworks have been embedded within the proposed institution and are capable of supporting the business from day one.

Beyond Policies: Governance, Management and Culture

More broadly, the decision underscores that the OCC's assessment extends well beyond the existence of compliance policies and procedures. It places considerable emphasis on whether an applicant's governance framework, board composition and senior management collectively demonstrate the experience and judgment necessary to oversee a regulated banking organization.

Importantly, the decision also lays out the critical importance that all of the components of an applicant's submission reflect a broad understanding of the qualities. It also lays out the importance of the necessary attributes to build a management team that reflects capabilities and experience in issues throughout the applicant's business plan — with an important emphasis on individuals with strong AML compliance backgrounds.

Also notably, the decision states that the OCC's determination was based on "information available to the OCC, including information obtained during the field investigation and other supervisory and regulatory information."

The reference to field investigation makes clear that any submission, especially one marred by prior regulatory lapses, will not be determined merely upon what the applicant puts into the record, but will also be examined by discussions with current and potential employees, potential vendors, and others likely to have direct responsibilities with respect to the applicant's proposed business.

The decision also demonstrates that regulators will closely scrutinize whether key personnel possess experience that is directly relevant to the proposed activities. A strong commercial management team may not, by itself, satisfy supervisory expectations where experience in banking regulation, fiduciary activities or financial crime compliance is lacking.

Equally important, the decision suggests that the OCC will look beyond written submissions to assess whether an applicant has developed a culture of regulatory compliance throughout the organization. This includes the experience of senior personnel, the allocation of compliance responsibilities and the credibility of the institution's overall governance arrangements.

The heightened relevance of the integral roles played by proposed regulatory compliance programs and related personnel is further supported by the OCC's publication of a denial of bunq's national bank charter on Aug. 4, which noted that such application did not include: sufficient capital; "competent management or board of directors with the ability and experience" to offer the services to be provided; or a reasonable pathway to achieve profitability.[9]

The Application Process as an Interactive Undertaking

The decision also represents a unique shift in the treatment of bank applications, including but not limited to those related to charters.

Significant applications, like that submitted by Wise in connection with a trust bank charter, are multifaceted, interactive undertakings.

Typically, there is at least one prefiling meeting with a team from the banking agency to discuss important considerations tied to the application, including factors such as capital, management and the applicant's proposed business plan.

During this meeting, or throughout the course of multiple meetings between the applicant and regulators, the parties engage in dialogue to ensure that the applicant's submission has the best possible chance of approval upon formal submission.

Moreover, in our experience, if an application is submitted for which a favorable decision is not likely to be rendered, the federal banking agency typically suggests a withdrawal of the application to avoid the reputational and market fallout typically attendant with a denial of the submission, which is usually public and reflected on the agency's website.

Prospective applicants should therefore view the application process as substantially more than the submission of a technically complete filing.

The decision suggests that successful applicants will be expected to demonstrate that their governance arrangements, management team, compliance infrastructure and broader control environment are sufficiently mature to support the proposed business.

The decision also serves as a reminder that regulators are likely to consider an applicant within the context of its wider corporate group, rather than viewing the proposed entity in isolation.

Historic regulatory issues affecting affiliated entities may therefore influence supervisory confidence in the proposed institution — and therefore have a material bearing on an application — even where the application itself relates to a newly established entity.

A Public Warning to Future Applicants

The public cannot discern the course of Wise's application based on the decision. For example, was the applicant made aware prior to denial that certain portions of its application failed to reflect an understanding of the OCC's standards?

While it is too soon to tell, the publication of the decision may reflect a new process adopted by the OCC in connection with its decisions that should function as a glaring yellow (if not softly red) light to potential applicants: Namely, if the application submission is not fully reflective of all the components of good banking management, it will be publicly denied, and the attendant market impact will be felt.

With the public denial of Wise's application and the later public denial of a national bank charter application by bunq seeking a full banking charter, it is clear that the OCC is willing to use seemingly deficient applications to level-set the market as to the critical importance of the matters described herein related to the agency's application review process.

Key Takeaways

The decision offers several actionable takeaways for PPSI applicants.

Applicants must build out robust AML/CFT compliance programs, governance, risk management and internal controls before applying and be able to show these frameworks can support the business from day one.

Senior management and the board must have banking regulatory expertise directly relevant to the proposed activities; a strong commercial team alone will not satisfy supervisory expectations.

Applicants should expect extensive supervisory due diligence, including field investigations that reach beyond the written record to interviews with employees, vendors and others.

Regulators will assess an applicant in the context of its wider corporate group, so historic regulatory issues at affiliated entities can materially affect an application, and an unsuccessful filing may be publicly denied with attendant market fallout.

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[1] As set forth in the Decision (defined below), the application was "sponsored by Wise US Holdings, Inc., Austin, Texas (Wise US Holdings). Wise US Holdings is an indirect subsidiary of Wise plc (collectively with Wise US Holdings and Wise plc's other subsidiaries, Wise)."

[2] OCC, "Corporate Decision #1381," available here (the Decision): https://www.occ.gov/topics/charters-and-licensing/interpretations-and-

decisions/2026/cd1381.pdf.

[3] See the Decision.

[4] See the Decision.

[5] Yahoo!Finance, "Wise tumbles as US regulator rejects banking licence application," available here: https://finance.yahoo.com/markets/stocks/articles/wise-tumbles-us-regulator-rejects-081400186.html?guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAJO7Da2egJSJoQ7F1iNut_TJCElo0xhwxehlIazNi5N55XEoDp-ZriHYn7bMRzLpSWexuxLLD1zj66hHnw6FxC2V7rQpM-nfEkZwnvLzJQhirtWpWHdKpiqTF7PwhS7lUZ_sI5K7K5TaKjsTqi4nO4UhXyg2YME8XMvKH67XSKYB&guccounter=2.

[6] Reuters, "Wise tumbles after US declines national trust bank application".

[7] Pursuant to the GENIUS Act, the OCC's jurisdiction with respect to PPSIs includes: national bank and federal savings bank subsidiaries that are organized as PPSIs and approved by the OCC; federal qualified nonbank PPSIs chartered or licensed by the OCC; and certain foreign payment stablecoin issuers.

[8] Notably, the banking industry is generally in favor of the OCC's proposed regulation. See the American Bankers Association comment letter available here: https://www.aba.com/-/media/documents/comment-letter/clppsi20260724.pdf?rev=98e289b43bb74543a315352184e8eb58.

[9] See OCC Corporate Decision #1384 (August 4, 2026) available at: https://www.occ.gov/topics/charters-and-licensing/interpretations-and-decisions/2026/cd1384.pdf.