

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

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California DBO Announces Inquiry into 'Marketplace' Lending Industry

Seeks Data, Information from 14 Online Companies

SACRAMENTO – The California Department of Business Oversight (DBO) today announced an inquiry into the growing marketplace lending industry.

“These online lenders are filling a need in today’s economy, and we have no desire to squelch the industry or innovation,” said DBO Commissioner Jan Lynn Owen. “We have a duty, however, to protect California consumers and businesses, and they have more and more at stake as this industry grows. We want to assess the effectiveness and proper scope of our licensing and regulatory structure as it relates to these lenders.”

As part of the inquiry, the DBO sent an [online survey](#) to 14 marketplace lenders requesting five-year trend data about their loan and investor funding programs. The survey also requests information about the firms’ business models and online platforms. The DBO sent the request to firms that specialize in either personal or small business loans, or engage in both types of lending. The survey responses are due by March 9, 2016.

The data and information request has two primary objectives: to assess the industry’s size in California and how many consumers and businesses it touches, and to better understand various loan and investor funding programs used by marketplace lenders. That knowledge, in turn, will help the DBO assess how the state’s licensing and regulatory regime is working, and should work, when it comes to the industry.

Marketplace lenders bill themselves as a faster, more accessible source of financing for consumers and small businesses. Some of the largest are headquartered in California.

From 2010-2014, the national online lending market grew from \$1 billion in loans to \$12 billion. Analysts at [Morgan Stanley](#) estimate that by 2020 the volume will grow to \$122 billion.

The DBO licenses and regulates state-chartered banks and credit unions, non-bank lenders (including payday lenders), mortgage lenders, mortgage servicers and money transmitters. It also licenses and regulates investment advisers, securities broker-dealers and other financial service providers.

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