

FDIC Discusses Marketplace Lending

February 2, 2016 |

The Federal Deposit Insurance Corporation discusses marketplace lending in its Winter 2015 issue of Supervisory Insights, offering guidance to participants in the bank partnership space. The FDIC walks through factors a bank should examine before entering into a partnership with a nonbank entity. Banks are directed to consider the partner's compliance with applicable federal law, consumer protection requirements, anti-money laundering rules and fair credit obligations, as well as applicable state laws such as licensing or registrations necessary to engage in the partnership. The FDIC also poses questions for the bank's consideration to determine whether the partnership will meet the FDIC's safety and soundness requirements:

- What duties does the bank rely on the marketplace lending company to perform?
- What are the direct and indirect costs associated with the program?
- Is the bank exposed to possible loss, and are there any protections provided to the bank by the marketplace lending company?
- What are the bank's rights to deny credit or limit loan sales to the marketplace lending company?
- How long will the bank hold the loan before sale?
- Who bears primary responsibility for consumer compliance requirements and how are efforts coordinated?
- Is all appropriate and required product-related information effectively and accurately communicated to consumers?
- What procedures are in place to prevent identity theft and satisfy other customer identification requirements?
- What other risks is the bank exposed to through the marketplace arrangement?

The FDIC notes that banks can manage the risks posed by potential partnerships through proper risk identification, appropriate risk-management practices, and effective oversight of the nonbank partner.

[Supervisory Insights](#)

Hudson Cook, LLP, provides articles, webinars and other content on its website from time to time provided both by attorneys with Hudson Cook, LLP, and by other outside authors, for information purposes only. Hudson Cook, LLP, does not warrant the accuracy or completeness of the content, and has no duty to correct or update information contained on its website. The views and opinions contained in the content provided on the Hudson Cook, LLP, website do not constitute the views and opinion of the firm. Such content does not constitute legal advice from such authors or from Hudson Cook, LLP. For legal advice on a matter, one should seek the advice of counsel.

SUBSCRIBE TO INSIGHTS

HUDSON COOK

Celebrating its 25th anniversary in 2022, Hudson Cook, LLP is a national law firm representing the financial services industry in compliance, privacy, litigation, regulatory and enforcement matters.

7037 Ridge Road, Suite 300, Hanover, Maryland 21076
410.684.3200

www.hudsoncook.com

© Hudson Cook, LLP. All rights reserved. Privacy Policy | Legal Notice
Attorney Advertising: Prior Results Do Not Guarantee a Similar Outcome

