

New York Bill Calls For Study of Online Small Business Loans

June 7, 2016 | [Catherine M. "Cathy" Brennan](#)

In what likely signals the first step in an ongoing campaign to regulate small business lending in the Empire State, [New York Assembly Bill 10440](#), introduced May 27, 2016, would requires the Superintendent of [Department of Financial Services](#) to study and issue a report on online small business lending products and platforms that originate from lenders licensed by New York state or advertised to small businesses within the state. The study mandate would capture all online lenders advertising to New York merchants, whether they originate the loans through a bank partnership or directly as an unlicensed lender relying on the law of another state.

The study must address – at a minimum – the following:

- (a) whether online lenders are offering credit at reasonable and transparent interest rates and charging reasonable and transparent fees and payment terms;
- (b) whether lenders offer inclusive and non-discriminatory credit access and observe fair lending practices;
- (c) what type of underwriting is conducted before issuing credit;
- (d) whether lenders report loan repayment information to major credit bureaus and consult the borrower's credit data when underwriting a loan;
- (e) whether lenders are offering small businesses the opportunity for further financial and business planning and the opportunity to establish a more traditional, long-term banking access to credit; and
- (f) a review of any other products or practices the superintendent deems relevant to small business access to capital.

The study must be completed by January 1, 2018.

The New York legislature adjourns June 16, so it seems unlikely that the bill would be approved this session.

[New York-2015-A10440-Introduced](#)

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