Women and Debt

No Equality Without Economic Equality

Graciela Aponte ● Director of California Policy ● Center for Responsible Lending
Women are disproportionately impacted by exploitive financial practices.

- **Two thirds** of student debt is carried by women
- **60%** of payday borrowers are women
- All of these target **people of color** disproportionately, so bigger impact on women of color
Deep Dive

• Student Loan Servicing Abuses

• Payday Lending Debt Traps
The Student Debt Crisis is Real

• Outstanding student loan debt = $1.4 trillion.

• 55% of U.S. undergrads who borrowed unable to pay down any debt for first three years.

• 44 million Americans have at least one federal student loan, up from 28 million in 2007 (Bipartisan Policy Center, 2007).
Percentage of loans that are 90+ days delinquent has shot up for student loans – downward trends for other loan types
The Impact on Women is Real

- The American Association of University Women found that two thirds of outstanding student loan debt -- $900 billion -- is held by women, though they make up 56% of college students.
- Women finish with $2,700 more in average debt.
- Women — especially women of color — are most likely to experience difficulties: 34% of all women and 57 percent of African America women who were repaying student loans reported that they had been unable to meet essential expenses within the past year.
Student loan servicers like Navient, which was sued by the CFPB and state AGs, have been known to engage in the following practices:

- Fail to put borrowers in the income-based repayment programs they qualify for;
- Misapply payments;
- Make false reports to credit bureaus;
- Fail to remove eligible co-signers from loans;
- Fail to apply 6% interest rate cap to active-duty military granted by the Servicemembers Civil Relief Act.

**Navient’s failure to qualify student borrowers for income-based plans added $4 billion to outstanding student loan debt.**
Deep Dive

- Student Loan Servicing Abuses
- Payday Lending Debt Traps
Disproportionate Impact

• 60% of borrowers are women.

• **Affluent** neighborhoods of color have a **higher likelihood** of containing a payday store than **low-income**, predominate white areas.

• Racial Wealth Gap: For every $100 in white family wealth, black families hold $5.04. Predatory lending widens gap.
Women overwhelmingly support strong payday lending reform

- **72%** of women said that passing additional regulation of the payday lending industry is important to them.
- **75%** of women supported the CFPB’s proposal to regulate payday lenders.
- Women viewed used car salesmen *more than 3 times more favorably* than payday lenders.

![Payday Lending Debt Traps](image-url)
High-cost Installment Loans

• For high-cost installment loans, those ranging between $2,500 and $10,000, there is no statutory APR limit.

• In 2017, 58% of installment loans of $2,500 to $4,999 carried APRs of more than 100%

• According to the National Consumer Law Center, high-cost installment loans in California have default rates of approximately 40%.
High-cost Installment Loans

Triple-digit APR loans have exploded in California

Note: Loans $2,500 to $4,999
Source: California Department of Business Oversight
Jon Schleuss / @latimesgraphics
<table>
<thead>
<tr>
<th>Lender</th>
<th># of loans</th>
<th>% of loans Secured</th>
<th>Total $ amount of loans</th>
<th>% of loans &lt; 39%</th>
<th>% of loans 40-99%</th>
<th>% of loans &gt; 100%</th>
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</thead>
<tbody>
<tr>
<td>Oportun, Inc.</td>
<td>96,190</td>
<td>0%</td>
<td>$330,418,161.00</td>
<td>100%</td>
<td>0%</td>
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<tr>
<td>Check 'n Go</td>
<td>46,457</td>
<td>0%</td>
<td>$139,269,975.00</td>
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<td>13%</td>
<td>87%</td>
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<tr>
<td>Speedy Cash</td>
<td>33,540</td>
<td>42%</td>
<td>$105,476,334.00</td>
<td>0%</td>
<td>42%</td>
<td>58%</td>
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<td>RISE</td>
<td>33,455</td>
<td>0%</td>
<td>$100,722,100.00</td>
<td>1%</td>
<td>3%</td>
<td>96%</td>
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<td>Fast Auto Loans, Inc.</td>
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<td>59%</td>
<td>$88,270,703.00</td>
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<td>3%</td>
<td>97%</td>
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<td>Loanme, Inc.</td>
<td>26,780</td>
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<td>$74,056,500.00</td>
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<tr>
<td>CashNet USA</td>
<td>19,020</td>
<td>0%</td>
<td>$51,492,500.00</td>
<td>0%</td>
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<td>Apoyo Financiero, Inc.</td>
<td>16,464</td>
<td>0%</td>
<td>$63,644,361.00</td>
<td>90%</td>
<td>10%</td>
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<td>NetCredit</td>
<td>15,819</td>
<td>0%</td>
<td>$52,633,408.00</td>
<td>7%</td>
<td>72%</td>
<td>21%</td>
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<td>Galt Ventures dba Speedy Cash</td>
<td>15,678</td>
<td>27%</td>
<td>$47,130,832.00</td>
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<td>73%</td>
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<td>Onemain Financial Group, LLC.</td>
<td>15,188</td>
<td>24%</td>
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<td>0%</td>
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<td>Check Into Cash of California, Inc.</td>
<td>14,086</td>
<td>22%</td>
<td>$37,814,910.00</td>
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<td>3%</td>
<td>97%</td>
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<td>Wheels Financial Group, LLC.</td>
<td>12,762</td>
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<td>$37,670,864.00</td>
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<td>14%</td>
<td>86%</td>
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<td>Titlemax of California, Inc.</td>
<td>12,662</td>
<td>100%</td>
<td>$38,148,642.00</td>
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<td>98%</td>
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<td>Opportunity Financial, LLC</td>
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<td>$37,763,280.00</td>
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<td>Advance America</td>
<td>11,859</td>
<td>28%</td>
<td>$31,909,758.00</td>
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<td>Onemain Financial Services, Inc.</td>
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<td>Cashcall, Inc.</td>
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<td>$33,623,149.00</td>
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<td>0%</td>
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<td>Snap-On Credit LLC</td>
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<td>$28,981,042.00</td>
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</tbody>
</table>
Solutions

• Pass state legislation with interest rate cap for loans above $2,500
• Defend CFPB payday rule
• Help promote existing alternatives:
  o Lending Circles 0% interest
  o Grants and loans from community and faith-based organizations
  o Financial coaching and community programs
  o Employer benefits programs including salary advance with low interest rates
For more information or questions, contact:

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