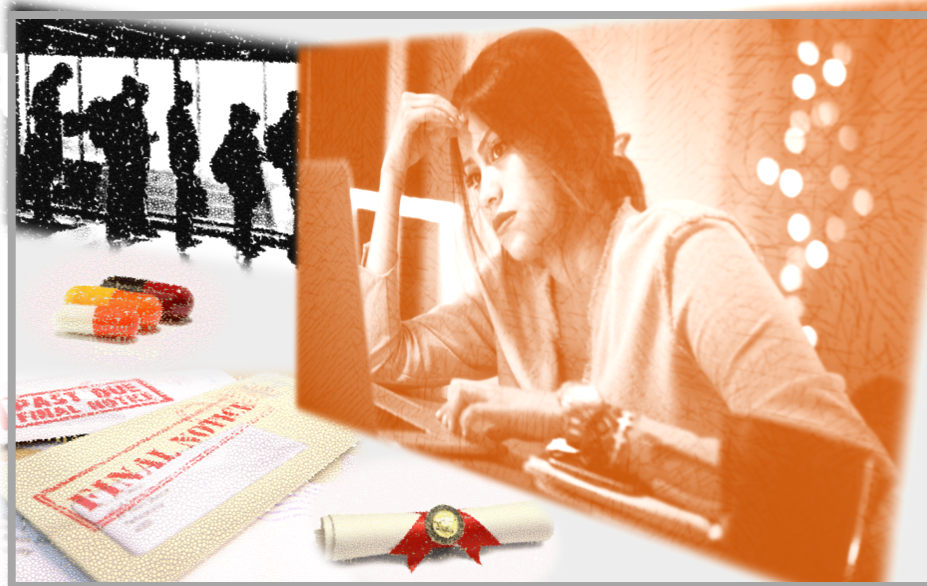


# Women and Debt

*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

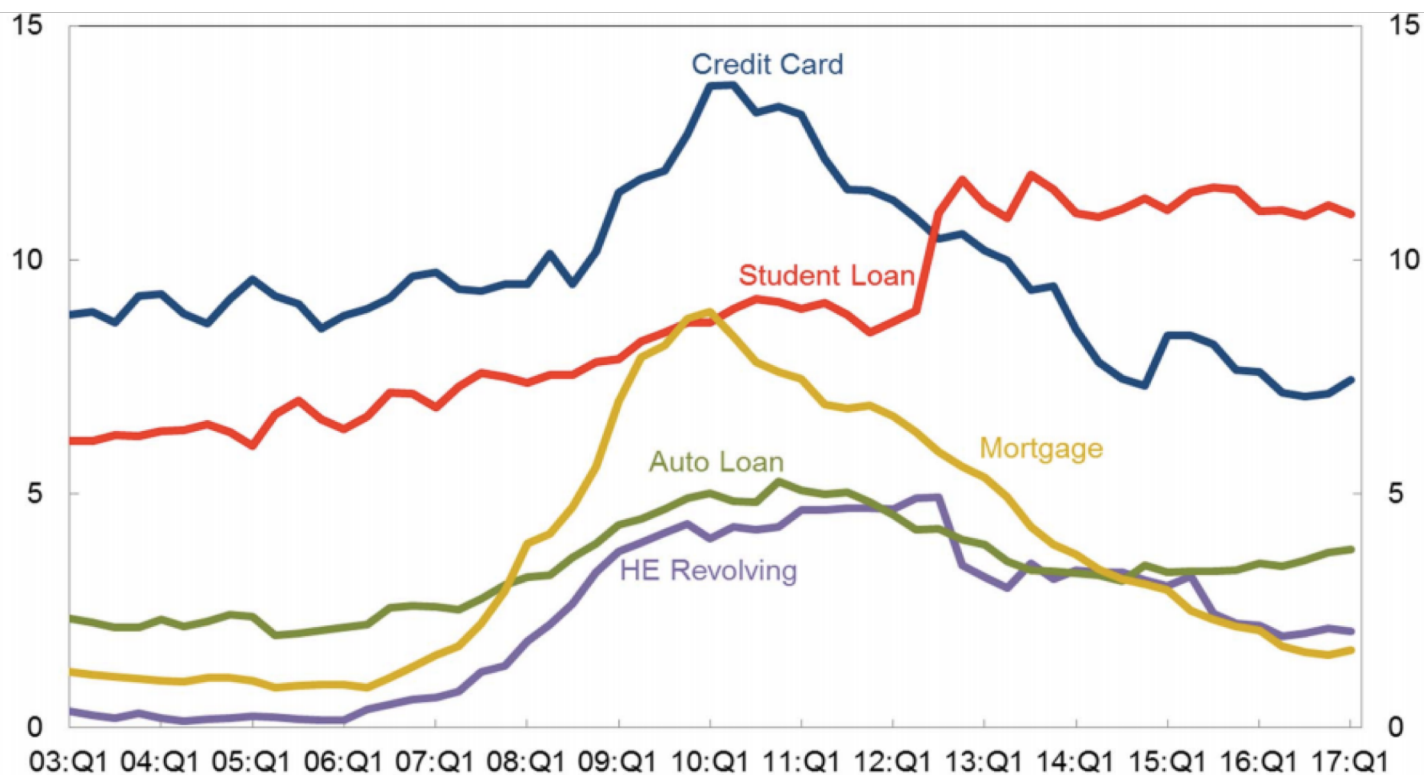
- **Student Loan Servicing Abuses**
- Payday Lending Debt Traps

### 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).

## Student Loan Servicing Abuses

**Percentage of loans that are 90+ days delinquent has shot up for student loans – downward trends for other loan types**



Source: New York Fed Consumer Credit Panel/Equifax

### 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 Servicing Abuses

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

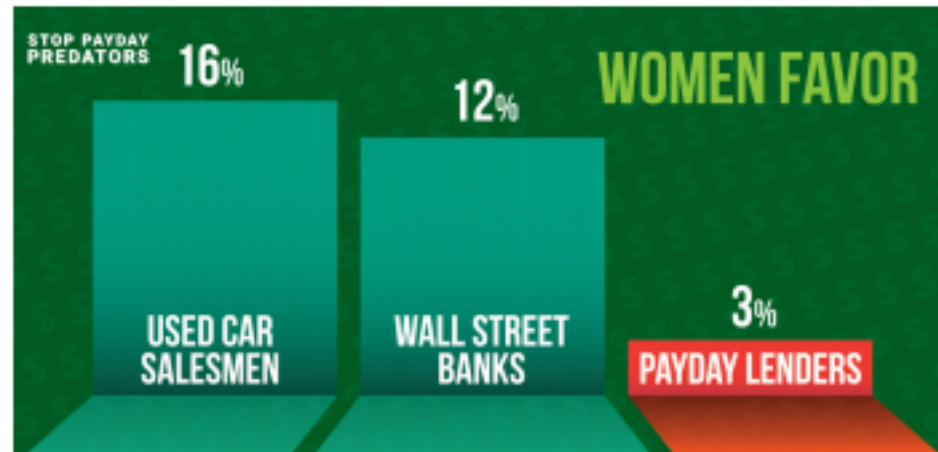
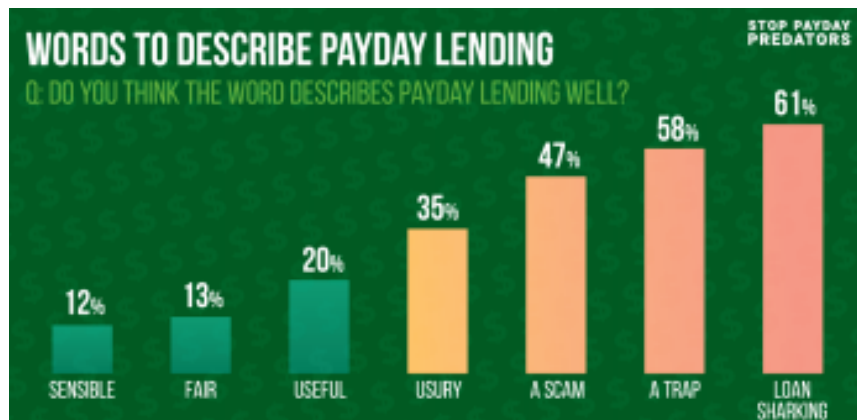
- **60%** of borrowers are women.
- **Affluent** neighborhoods of color have a **higher likelihood** of containing a payday store **than low-income**, predominately white areas.
- **Racial Wealth Gap**: For every **\$100** in white family wealth, black families hold **\$5.04**. Predatory lending widens gap.



## Payday Lending Debt Traps

### 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.

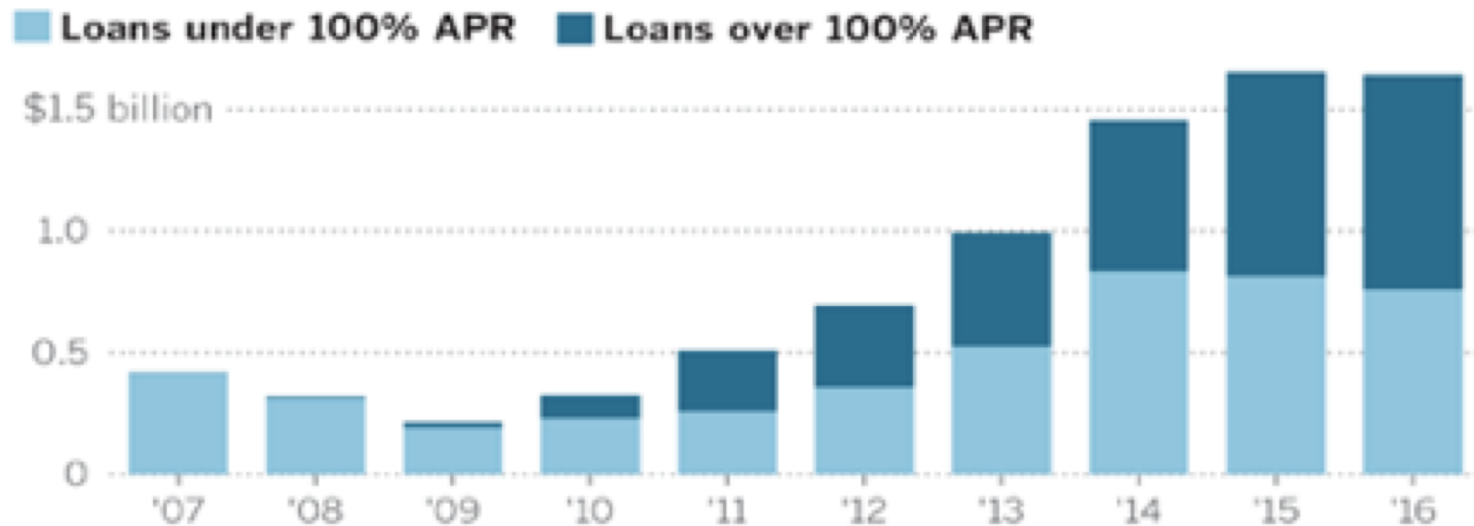


# High-cost Installment Loans

- 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

### 2017-Top 20 Lenders of Loans between \$2,500 - \$5,000

Lender	# of loans	% of loans Secured	Total \$ amount of loans	% of loans < 39%	% of loans 40-99%	% of loans > 100%
Oportun, Inc.	96,190	0%	\$330,418,161.00	100%	0%	0%
Check 'n Go	46,457	0%	\$139,269,975.00	0%	13%	87%
Speedy Cash	33,540	42%	\$105,476,334.00	0%	42%	58%
RISE	33,455	0%	\$100,722,100.00	1%	3%	96%
Fast Auto Loans, Inc.	30,957	59%	\$88,270,703.00	0%	3%	97%
Loanme, Inc.	26,780	0%	\$74,056,500.00	0%	0%	100%
CashNet USA	19,020	0%	\$51,492,500.00	0%	0%	100%
Apoyo Financiero, Inc.	16,464	0%	\$63,644,361.00	90%	10%	0%
NetCredit	15,819	0%	\$52,633,408.00	7%	72%	21%
Galt Ventures dba Speedy Cash	15,678	27%	\$47,130,832.00	0%	27%	73%
Onemain Financial Group, LLC.	15,188	24%	\$55,655,143.00	100%	0%	0%
Check Into Cash of California, Inc.	14,086	22%	\$37,814,910.00	0%	3%	97%
Wheels Financial Group, LLC.	12,762	93%	\$37,670,864.00	0%	14%	86%
Titlemax of California, Inc.	12,662	100%	\$38,148,642.00	0%	2%	98%
Opportunity Financial, LLC	12,310	50%	\$37,763,280.00	0%	0%	100%
Advance America	11,859	28%	\$31,909,758.00	0%	10%	90%
Onemain Financial Services, Inc.	9,915	22%	\$36,757,236.00	100%	0%	0%
Cashcall, Inc.	9,715	0%	\$26,215,000.00	0%	0%	100%
Lendmark Financial Services, LLC	9,307	93%	\$33,623,149.00	100%	0%	0%
Snap-On Credit LLC	7,774	100%	\$28,981,042.00	100%	0%	0%

# Solutions

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

**For more information or questions, contact:**

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